Internet Retailing

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ARGOS: TESTING & SCALING FOR GROWTH

Bertrand Bodson, Chief Digital Officer, Home Retail Group on transformation, speed and the Argos customer

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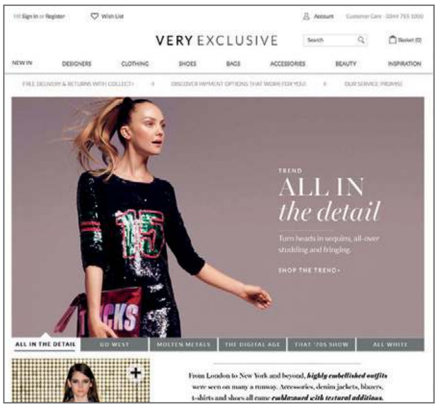

Editor's comment

CUSTOMERS EXPECT good service from every business that they interact with, be that via the telephone, face-to-face or through social or digital channels. We have all come to expect digital channels to work in a certain way whether it's the way that the navigation works or the fact that everyone includes a way that they can be contacted on their site. The digital world is not just made up of retailers; customers are spending their time on many different sites, playing games, reading the news, browsing through magazines. How those sites work and the experience they are giving has a knock-on effect on retail and how potential customers expect retailers to behave, how their sites look and the experience they give. Gamification, a big issue a few years ago, has moved into retail from other sectors while editor's picks and editorial-style features are increasingly appearing amongst the digital offerings of the fashion and motoring retailers. Amazon, once a retailer, is now a content producer, emulating the TV industry.

In this issue of InternetRetailing, we take a look at some of those other industries, how they are impacting customer behaviour and the lessons that retailers can learn from them. The world of consumer magazines, for example, is encroaching on retailing as the lines between content and commerce merge in new ventures from Condé Nast and Marie Claire. Is the combination of publishers' engagement skills with retail's logistics expertise a marriage that retailers should be worried about?

What about manufacturers? Selling direct to consumers opens up opportunities for manufacturers while also enhancing the relationship with retailers. Ian Devine, of global commerce service provider Salmon, writes about why brands should be unlocking the benefits of direct-to-consumer marketing whilst leveraging the expertise of their long-standing partners. The internet, though, is raising new challenges and opportunities for brands and manufacturers as the Internet of Things progresses towards the 'Commerce of Things'. James Gagliardi from Digital River examines the opportunities for manufacturers as they move from, for example, selling 1,000 toothbrush heads in a single order to the same number of toothbrush heads in 1,000 orders as devices automatically order replacement parts as they are needed. "Digital commerce infrastructure will be vital to manufacturers as they make the shift to the Commerce of Things," he comments.

Micro-payments is something to which consumers are already becoming accustomed through their use of mobile phones. Friends can now split a restaurant bill with each paying their share via their phones, parking can paid for by phone instead of hunting for the correct change and charities are asking us to TEXT 70000 to donate £5 for the latest disaster relief effort. Will someone buy a £1,000 handbag and pay for it using a mobile app? Last year, someone paid a £23,000 deposit on a home to an estate agent using the Pingit app so it shows that eventually it will come.

Retail is not restricted to online and stores are also undergoing a massive transformation as retailers redefine spaces. Technologies, such as robotics and augmented and virtual reality, are moving into the mainstream while what were concept stores are being rolled out across store estates. Argos, for example, is doing away with paper catalogues and small pencils in its stores in exchange for iPads and speedy collection points. Bertrand Bodson, Chief Digital Officer of Argos' owner Home Retail Group, spoke to me about the company's transformation.

Dalziel and Pow's Digital Design Director Ross Phillips writes in this issue about what retailers can learn from other sectors' use of digital in store and store design for omnichannel customers. Commenting on the Argos transformation, he says: "One of the key successes of the new stores is how technology both in-store and back-of-house has enabled staff to take a more active role in the customer experience".
There is lots going on in the industry at the moment and much was discussed at the recent InternetRetailing Expo. I've pulled together some of the highlights in the Now & Next section. Talking of Next – the next IR event is the Awards party on 24 September. I look forward to seeing you there.

Emma Herrod
Editor

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Chloe Rigby **highlights recent industry changes but to keep up to date with the news and her insight between issues visit** *www.internetretailing.net.*

FIRST LOSSES FOR SAINSBURY'S

Sainsbury's has posted falling sales and profits for its past financial year, the first loses in 10 years. Confirming that multichannel will continue to be a "fundamental part of our strategy for growth," the grocer acknowledged the need for traditional grocers to adapt to the changing way that shoppers now buy, in convenience stores, online and through large supermarkets. However, it said, forecasts still suggested that about 60% of spend would be made in supermarkets in 2022.

It also said that around 6% of its total store space would be under-utilised in the next five years, and it will use around half of this to expand its clothing and general merchandise space, while bringing in new concession partners such as Argos, which will open 10 small-format digital stores with branches over the next year, and Timpsons, GPs and dental surgeries.

Group sales of £23,775m, excluding VAT and fuel, fell by 0.7% in the year to 14 March, with retail sales down by 0.2% and like-for-like sales down by 1.9%. Underlying pre-tax profits fell by 14.7% to £681m, from £798m last time.

Online grocery sales bucked the downward trend, but at 7% growth was slower than in previous years. On average, Sainsbury's now delivers nearly 215,000 orders a week, 13% up on the same time last year, while it had its biggest online Christmas ever.

Sainsbury's pointed to work to upgrade its website during the year to improve availability and the customer shopping experience, as well as adding general merchandise products to the online groceries site so that "customers get access to a similar range of products online as they would in store." It is developing the technology to support seamless cross-channel shopping, as well as rolling out its click and collect grocery service around the UK. Investment in pricing and availability of delivery slots, it said, "has driven up order numbers and customer loyalty." It will also open its first 'dark store' to service online orders in 2016 in Bromley-by-Bow and will invest in ways "to become increasingly effective in our customer interactions, giving them a smoother shopping experience such as through mobile 'scan and go'."

NET-A-PORTER MERGES WITH YOOX

Net-A-Porter is to merge with Yoox to form a €1.3bn turnover online luxury fashion retailer.

The deal, billed as a "transformational merger", promises to create a combined business with a worldwide presence in the luxury market. Yoox is an Italian online fashion business, while Net-a-Porter, founded in the UK by Natalie Massenet, is currently owned by the French-based Richemont group. Massenet will serve as Executive Chairman of the Yoox Net-A-Porter Group, while Federico Marchetti, founder of Yoox Group, will take the role of Chief Executive.

"Today, we open the doors to the world's biggest luxury fashion store," said Massenet. "It is a store that never closes, a store without geographical borders, a store that connects with, inspires, serves and offers millions of style-conscious global consumers access to the finest designer labels in fashion."

ONLINE 32% UP AT HOF

House of Fraser has reported a 32% leap in online sales in its latest financial year – and said the ecommerce business was now both its largest and most profitable store. Some 15.4% of all its sales were made online in the latest year, it said.

The department store business signalled major investment in multichannel over the next 12 months, including international ecommerce expansion into markets including Australia and China. The initiative will see new dedicated local language websites, offering local currency payments, launched. House of Fraser will also start trading in China via the TMall online giant.

House of Fraser currently delivers from the UK to 120 countries and has been expanding its bricks and mortar presence overseas. It has one franchise store in Abu Dhabi, and, following its acquisition by Chinese company Nanjing Cenbest, it is now on track to open three stores in the Chinese cities of Nanjing, Chonqing, and Xuzhou.

The update came as the company reported record sales of £1.3bn in the year to January 31, with like-for-like sales up by 5.8%.

MAJESTIC BUYS NAKED WINES

Majestic Wines is to buy online competitor Naked Wines, appointing Naked Wines' founder Rowan Gormley as its new Chief Executive.

The £70m transaction will give Majestic the online and ecommerce skills of the social media-led pureplay, while Majestic will give Naked Wines a store network from which its customers can collect their online purchases.

Majestic Chairman Phil Wrigley described the deal as "transformational". He said "Majestic's distribution skills, a nationwide UK store network and customer service orientated knowledgeable staff, are a perfect fit with Naked Wines' unique sourcing and selling model. This acquisition will significantly accelerate the planned development of Majestic's online capabilities whilst providing Naked Wines with a nationwide store network to allow a Click & Collect delivery option for its customers. In addition, this acquisition opens up attractive international markets, increasing our potential customer reach eightfold."

The price tag of up to £70m includes £50m to be paid in cash on completion, while up to £20m will be paid in Majestic shares if certain conditions are met. German wine group WIV Wein International AG was the majority shareholder in the business, having invested in previous years to finance expansion into new markets.

ECOMMERCE HOLDS UP FOR TESCO

Ecommerce has proved a bright spot for Tesco in an otherwise gloomy year. While online grocery orders grew by nearly 20% in the full year, UK like-for-like sales fell by 3.6%, and, at the bottom line, the supermarket reported its worst-ever result, with losses of £6.4bn.

The supermarket unveiled group sales of £69bn in the 53 weeks to February 28. They were 1.7% lower than in the same period last year, and 3% lower over the full, 52 week, year.

Group trading profit of £1.4bn was 58.1% down on last year, while UK trading profit of £467m was 78.8% lower than last time. Profits also fell in Asia (-18.4%) and Europe (-31.9%).

But when one-off costs, including a net £4.7bn loss on the write-down of the value of its store network and a £0.6bn write-down on its China joint venture with China Resources Enterprise, £0.4bn on restructuring costs and £0.2bn adjustment on previous years' commercial income figures, were taken into account the company lost £6.4bn at the bottom line.

The figures put a line below a traumatic year for the company, in which the arrival of Chief Executive Dave Lewis was soon followed by the discovery of a hole in the supermarket's accounts.

The company's move into digital entertainment has been shelved: it has closed or sold its Blinkbox businesses, which offered movies, music and books to download, as well as Tesco Broadband.

The supermarket said that over the coming year it would focus on three priorities of building competitiveness, trust and its balance sheet. Cost savings will be reinvested in the customer offer. It pointed to early green shoots, with customer transactions 1.5% up in the fourth quarter, the first growth since Tesco's sales started falling in early 2012.

NEW STRATEGY FOR KINGFISHER

Kingfisher's incoming Chief Executive Véronique Laury has announced that she will organise the group "very differently", putting the customer first and omnichannel everywhere.

Laury said that omnichannel was a "given" and must be everywhere in the business, which trades in the UK as B&Q and Screwfix and in Europe as retail brands including Brico Dépôt and Castorama. She said the company must now take a unified approach to sales, presenting the same products in the same way to customers across Europe through a single company culture. Low prices and a unique offer also figured as the company re-stated its guiding principles.

"Everything," said the company in its full-year results statement, "will be based on our deep knowledge of customer needs and customers' shopping journey."

One of the first results of the new strategy will be the closure of around 60 B&Q stores, described as surplus space, and the further expansion of a German trial of the UK-developed Screwfix format, with outlets in Germany set to grow from five to nine.

The update came as Kingfisher reported sales of £10.97bn in the year to January 31, 1.4% down on the £11.13bn reported at the same time last year. However, sales were up by 2.9% when the effect of currency fluctuations was discounted.

In the UK, Kingfisher sales grew by 5.5%, or 3.2% on a like-for-like basis, to £4.6bn, while retail profit grew by 16.1% to £276m, after a "re-energising" year in which the business expanded its click, pay and collect service and grew online sales by 63%.

Read more of *Paul Skeldon's* **insight into the fast changing mobile channel and keep up to date with the significant news at** *www.internetretailing.net.*

MOBILE LINKS TO C&C

As consumers become more likely to shop using a mobile device, they'll also become more likely to take delivery via click and collect, according to a new report from IMRG and CollectPlus. Click and collect options, whether in-store, from a parcel store or from lockers will increase in popularity by 20% a year, suggests the 'UK Click & Collect Review'.

Among the findings, the study found clear evidence that "mobile shoppers are primary click and collect shoppers so the propensity to shop online using a mobile device is a clear future indicator towards the use of click and collect."

It also found that click and collect was important in returns, and ensured they could be processed quickly through the supply chain before being promptly refunded or credited to the customer's account.

"Improving customer experience is a focus for many retailers and the convenience with which customers can receive their orders has become a key differentiator – and click & collect is arguably becoming an expectation in terms of delivery options," said Andrew Starkey, of IMRG and author of the report.

Neil Ashworth, Chief Executive of CollectPlus commented: "Retailers need to be thinking about delivery in terms of 'customer journeys' rather than simply proximity to where people live."

NEW SITE FOR FORTNUM & MASON

Fortnum & Mason says it has taken its famed customer service online with the launch of a fully-responsive website. Customers can order from the luxury food and drink retailer's new site for delivery to more than 130 countries. Developers say that it is responsive across both desktop and mobile devices while at the same time scalable and highly flexible.

The responsive site, which represents the first major redevelopment of the Fortnum & Mason site in four years, has seen mobile visits improve by 77% year-on-year while mobile conversion is up by 57% over the same period. New customers are converting at a rate that's 15% higher than the previous site while calls to the customer service centre are 18% lower.

The new site was built by software development studio Red Badger using open source ecommerce platform Spree Commerce and Facebook React. The project was led by Fortnum Customer Experience Director Zia Zareem-Slade.

RETAIL AND THE APPLE WATCH

Shoppers who rushed to buy the latest idevice, the Apple Watch, when it went on sale in the UK last month already have a number of retail apps to choose from. Developers are grappling with the still smaller amount of space available on an Apple Watch screen in their challenge to find meaningful ways to use a device that's attached to the wrist and so is always available. Chloe Rigby and Paul Skeldon took a look at some of the early ways that retailers have responded to the launch.

M&S has adapted its in-house developed Cook with M&S app for the Apple Watch. Users who look up a recipe on their iPhone, for example, can use the watch to keep a track of their shopping list as they travel around the shop, ticking off items as they go. They can also use the app's timers to keep track of the cooking process – and the app will remind them what to do, and when along the way.

"When we first developed Cook With M&S, we were aiming to provide not only recipe inspiration, but a tool that offers practical help in the kitchen," said Peter Wright, Product Developer for M&S Digital Labs.

Vente-Privée's app trades on the fact that time is of the essence when it comes to its stock-in-trade flash sales. Users can sign up to be notified when sales they are interested in start, they can register for upcoming sales and they can check the status of their last five orders as well as keeping track of their shopping basket.

Users of the Amazon shopping app simply tap on the watch to buy items, or save an idea for later. Designed for the on-the-go customer, the shopping app promises a tailored Amazon experience, offering voice search and quick tap features including one-click purchasing and save to wish list.

"This is still day-one for wearable devices," said Paul Cousineau, Director of Mobile Shopping. "We worked to distill the best parts of the Amazon shopping experience into fast and simple access points from your wrist".

eBay's app also helps customers stay on top of time-sensitive sales. It keeps bidders up-to-date on the auctions they're on, telling them when they've been outbid, so that shoppers can react through their smartphone.

Asos has updated its mobile app to include Apple Watch functionality. Users who save an item receive alerts when any of them drop in price or are restocked, and can then add items directly to their bag from the Apple Watch app before buying them through the Asos mobile site. New arrivals are also flagged up via the Apple Watch app: shoppers can browse them and add them to their saved items list as they go.

Shopping channel QVC will be letting consumers engage with its content via real-time updates and notifications within the Apple Watch app. Initially available in the US, UK and Germany, QVC for Apple Watch will sync with, and extend, the functionality of the QVC's iPhone app.

Updating Argos through test, learn and scale

Emma Herrod speaks to Bertrand Bodson, Chief Digital Officer, Home Retail Group, about transformation, speed and the Argos customer.

ARGOS'S TRANSFORMATION plan is on a roll as far as the customer is concerned: new, upmarket brands have been introduced to the catalogue, more and more stores are being refitted, with iPads taking the place of paper catalogues, and small outlets are springing up in locations from London Underground stations to Sainsbury's supermarkets.

What the customer sees though is only the "swan neck" of the big changes that have taken place in the back end of the company; changes to its operations with hub and spoke distribution, cross-discipline working and the launch of its Digital Hub above the store in Victoria, London.

Everything Argos does revolves around the four pillars of transformation, explains Bertrand Bodson, Chief Digital Officer, Home Retail Group. These were outlined in the company's five-year Transformation Plan, launched in October 2012, which saw Argos reinventing itself as a digital retail leader. The four elements that will transform it from a catalogue- to a digital-led business are:

1) Reposition channels for a digital future
2) Provide more product choice, available to customers faster
3) Develop a customer offer that has universal appeal
4) Operate a lean and flexible cost base.

At close to half way through this plan there are glimpses of what the future may hold as the company works on leveraging the existing store network and replenishment routes, introducing market-leading fulfilment options to complement the immediacy of in-store collection, and providing high levels of availability to its customers.

As part of repositioning its channels for a digital future, Argos is innovating with its store experience, introducing fast-track collection and web-based browsers to shift the paper catalogues into a supporting role. No longer restricted by print runs or publishing cycles, ranges have also been extended – 40 new high-end brands have been introduced recently, including Mamas & Papas and Ted Baker Audio – as part of its plan to offer universal customer appeal. This aspect of the transformation also includes ensuring competitive pricing and value, strengthening its exclusive brand offer through fewer cross-category own brands, and enhancing product quality and design to meet the needs of new customer segments.

The Digital Hub – which looks at the front end of how the company converts the cross-channel experience – is guided by 10 principles. These have to be considered for all projects. Bodson won't share all 10 but reveals a couple: speed and mobile.

"If the customer isn't on a mission to speedily order and collect their purchase or to have it delivered, how do we help them find the right product and ease their journey?" asks Bodson, showing me around the Digital Hub, the 3D printer they have been testing and the wall of ideas which allows the teams to think about what Argos could be like digitally if the slate were wiped clean. Ideas on it at the moment include ways to localise the experience and Uber-style tracking to see the location of delivery vehicles.

Argos is not scared of testing and trialling ideas; its mobile apps are a good example. At Christmas, it launched a wishlist app for children while its Tinder-esq gift finder enabled browsers to swipe products to show whether or not they liked them. It also enabled the company to collect lots of information about customers, explains Bodson, as well as "tens of millions of product opinions".

The Digital Hub has sub-teams of 8 people with a range of specialist skills such as UX, QA, human interaction and SEO, who can look at certain customer-facing issues as agile projects. Mobile, which is a "big part of Argos's strategy", has priority place. Some 28% of the entire business came through mobile channels during the third quarter of 2014. Online overall accounts for 49% of the business with sales via Check & Reserve representing 80% of internet transactions during the period. Argos expects 75% of its sales to be digitally led by 2018.

The Digital Hub team – which is spread across three offices – has grown by 60 people in the past year and will see a further 120 recruited over the next couple of months.

DIGITAL STORES

The Digital Hub has had a lot to do with the digital stores, a concept which Argos tested in six outlets in early 2014, alongside Fast Track collection for online orders. The concept has now been rolled out to 55 stores, including small format outlets within Sainsbury's supermarkets.

The digital stores are more open than the old-style format. The ordering and payment counter has been replaced by individual pods in front of digital displays so the messaging and function of each can be altered, allowing payment and collection points to be more flexible and used for merchandising.

The paper catalogues, order slips and pens have been replaced with iPads, giving ▶

customers an experience more akin to online browsing. The iPads also give customers access to the full product range and customer reviews, with information such as stock levels localised to that particular store and those nearby.

Bodson explains that store colleagues are also equipped with tablets and are on hand to help customers on the shop floor rather than all being positioned behind pods and in the warehouse.

Bodson, who previously worked at Amazon, points out that the key differences between Argos and his former employer are the stores and the customer-facing staff. “How can we bring the humanity to it,” he asks? Through colleagues in store – “my digital army of 30,000 people” as he calls them.

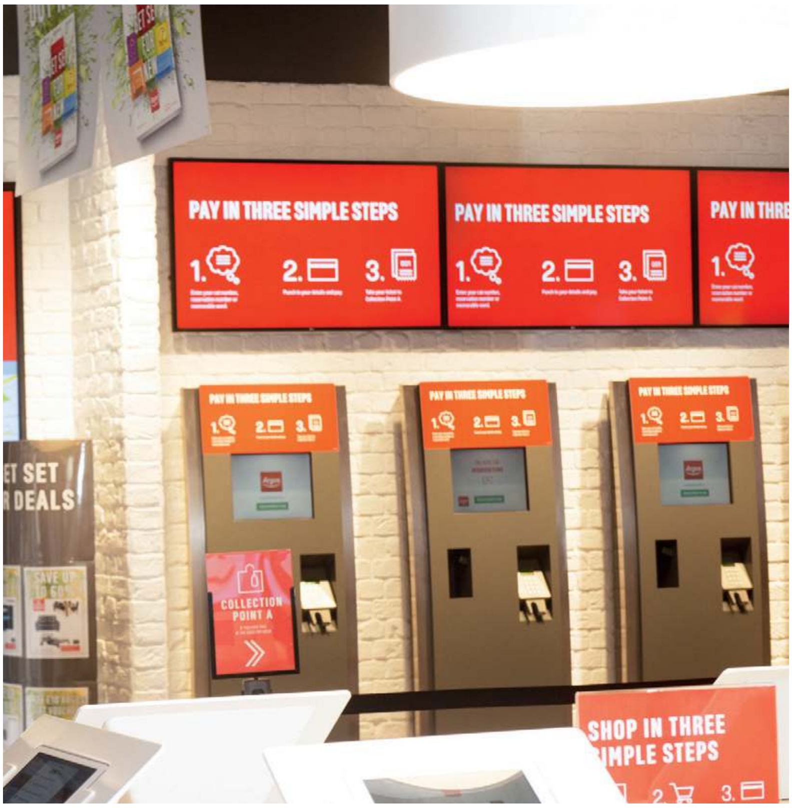
This digital army is showcasing the tablets in store to customers who want help. “Customers have been trained over 40 years to use the paper catalogues,” Bodson says, and many of them may not have ever been online before. This is one of the reasons why the company is working with Martha Lane Fox’s digital inclusion campaign Go ON UK and offering customers training sessions on tablets after stores have closed.

Another side of humanising technology is the use of Live Chat 24-7, through which consumers using the Argos app can be offered help and linked to a customer services agent or product expert. This is currently being expanded across categories.

The Fast Track collection aisle in the digital stores is a manifestation of one of Argos’s principles: speed. “What can we do for the customers in 60 seconds?” asks Bodson. The collection points are close to the entrance, the customer shows their reservation number, which links through to a voice activated headset in the warehouse behind for a person to pick the item and bring it to the customer. Customer picks take priority over any other job they are doing at the time.

Much of what Argos does wouldn’t be possible without a single view of stock. It’s “one of our strengths,” says Bodson, explaining how the company achieves 99.99% accuracy on stock with the stock file updated as soon as something is picked. “Most retailers are closer to 70%,” he says.

iBeacons are being tested to make this process even faster. A beacon will identify a customer 50m from the store and send the trigger for their purchase to be picked so it’s ready when they arrive. This works with



LEVERAGING ASSETS

Bodson also has responsibility for the catalogue, which is produced using 10 photographic studios under the name of Bradwell Media, making it the largest in-house photo lab in the UK. Digital assets are shot at the same time as photos and one of the studios is used specifically for digital production, such as videoing how to assemble a bed or producing 360-degree views.

The company is investing “a heck of a lot” in product information, digital asset management and CMS to manage the information that’s used across the channels.

One of the questions that Bodson is grappling with is “how do we think about these studios differently”, not only from a digital perspective but also in terms of monetising them.

customers who have already paid for their item and those who are paying in store.

Argos is also moving closer to its customers physically. Currently, 95% of people are within 10 miles of one of its stores. Ten new, small-format digital stores are being opened in Sainsbury's supermarkets and twenty have been opened in stores belonging to sister company Homebase. London's Cheapside now has an outlet and the first Argos Collect store opened at Cannon Street Underground station in November 2014. The latter only covers 650sq ft, 170 sq ft of which is shop floor. It offers up to 20,000 products for fast, same or next-day collection.

The digital stores within existing Sainsbury's supermarkets are larger – ranging in size from around 1,000 to 5,000 sq ft. Their bigger stock capacity means they are able to instantly fulfil customer orders from more than 20,000 non-grocery products. Customers can buy items instantly in store via tablets, or reserve online for collection within hours, later that same day or the following day. An extended range of around 40,000 products can also be ordered in store for home delivery. All of these outlets will be open by the summer.

As with many of Argos' innovations over the past year, the Sainsbury's stores are all trials. The two retailers will decide in the summer whether or not to expand the partnership.

Trialling and scaling is what Argos has become very proficient at.

In the past, new stores were 15,000sq ft to carry the level of stock required in each warehouse, explains Bodson, but now stock can reach each store in one of a number of drops each day. This has been enabled through the company's hub and spoke distribution system, something which enables the operation of the smaller format stores such as those on London Underground premises. In this model, one hub store operates as a mini DC for five spoke stores. The spoke stores stock fast-moving items with the slower moving skus kept at the hub store and driven to the other outlets as a lorry moves on a rotation around them two or three times a day.

Speaking at the time of the Cannon Street store opening in November 2014, Home Retail Group Chief Executive John Walden commented: "Because of our innovative new hub and spoke distribution network, we can now provide over 20,000 products to any

3D PRINTING

In March, Argos launched a website showcasing jewellery which can be customised and 3D printed to order, before being dispatched directly to the customer. The technology that makes this happen is powered by Digital Forming, 3D print expert and partner in the project. Using the newly launched website, budding designers will be able to select accessories from a range of 10 items initially, add their own personal touches, and then 3D printers will bring the designs to life and deliver the bespoke creations in 21 working days. Prices range from £50 to £220.

Neil Tinegate, Head of Digital Innovation at Argos, said: "There has been a lot of excitement about 3D printing and we are just beginning to explore the mainstream application of these techniques." The trial will gauge how customers want to engage with it. "We will assess results and learnings to inform future decision making in due course," he said. Argos is starting with jewellery, but Tinegate sees applications for lighting, homewares and other areas in the future.

of our locations within hours, regardless of the stocking capacity of each individual store. The combination of hub and spoke with our multiple digital store formats will provide Argos with cost-effective options to potentially serve many more customers through many new locations in the future."

HUB AND SPOKE

The hub and spoke system was run as a trial initially and now, a year later, 150 hubs are up and running across the country. "Now we can open tiny stores where the customers are," says Bodson. He acknowledges that there is a risk that the item the customer wants may not be held at the store they decided to visit, but it can be moved there and made available within a few hours. This allows Argos to offer services such as order by 1pm and pick up after 4pm or order by midnight for next-day delivery.

The retailer is currently piloting the next step of its hub and spoke system, using the regional hubs as fulfilment centres for home delivery of customer orders faster than delivery from a regional DC.

In one trial, large items requiring two-man delivery – currently white goods – are being offered for next-day delivery.

In another trial, customers are being offered 'super fast' delivery of small items. While acknowledging that the company already partners with Shutl to offer fast delivery from store, Bodson says that "a lot of things aren't mutually exclusive". They can offer different touchpoint and experience – and not just at the checkout as is the case with the Shutl service. "We could have integrated the Shutl experience better into the customer journey," he admits.

With 55 digital stores now open, "you can see the direction of travel," Bodson adds.

Argos has been busy making the most of its assets in terms of people, stores, products and operations to provide a richer, more inspirational journey for customers, one which is local to consumers while providing growth for the business. Key has been keeping innovation relevant to the customer and to the business and tied in to technology teams and partners – both start-ups and large partners, explains Bodson.

While the digital teams have worked on creating a richer, seamless experience for customers, through which they can check stock, reserve it and talk to product experts, the hub and spoke model has opened up opportunities for new format stores which are no longer dependant on size or stocking capacity. The model – which has the ability to deliver customer orders from around 20,000 skus within hours – is proving to be a cost-effective way to expand Argos's reach, and by partnering with companies such as Sainsbury's, London Underground and eBay (it has been a collection point for eBay orders since 2013) it is showing a direction of travel and potential future in which it owns the final mile.

With three years left in which to deliver on its transformation plan, Argos is showing that thinking digital and focusing on agile operations can pay dividends.

LATEST FINANCIALS

Announcing sales for the year to 28 February 2015 of £4,096m John Walden, Chief Executive of Home Retail Group, commented:

Full-year internet sales represented 46% of total Argos sales, up from 44% last year. Within this, mobile commerce grew by 38% to represent 25% of total Argos sales.

Full-year gross margin improved by approximately 25 basis points, principally driven by a reduced level of promotional activity together with the anticipated impact of favourable currency and shipping costs, partially offset by an adverse sales mix impact from the growth in margin dilutive electrical products.

"We are pleased to have delivered another full-year of like-for-like sales growth in both Argos and Homebase. Although our sales performance was weaker in the final short trading period, we managed and achieved a good performance in both gross margin and costs. As a result of this, we expect that Group benchmark profit before tax for the FY15 financial year will be towards the top end of the current range of market expectations of £120m to £132m.

"Argos continues to make good progress with its Transformation Plan. Over the Plan's first two years we have delivered a significant amount of change and many new capabilities. However, it is important that we achieve an appropriate balance between the implementation of these new capabilities and ensuring good customer experiences. We are on track to deliver both the Argos Transformation Plan and the Homebase Productivity Plan over the next three years."

ARGOS AMONGST THE IRUK ELITE

Argos is an 'Elite' retailer, an accolade reserved for just five companies in the InternetRetailing UK Top500 (IRUK 500). The result comes from consistently performing in many areas of retailcraft, and Argos achieved a 'Model' or higher ranking in five of the six IRUK 500 performance dimensions; namely strategy and innovation, customer experience, operations and logistics, merchandising, and mobile and cross-channel.

For the mobile and cross-channel dimension of IRUK 500, Argos led the field supported by an app that facilitates reservations, payment, and browsing while remaining stable and navigable; and services such as click and collect that easily blend channels.

As a 'Model' retailer in operations and logistics, Argos is included in some of the deeper studies we conducted in the dimension report distributed as a supplement of this issue.

UK retailers failing at customer service

Eptica shares results of its recent research into customer service channels and explains where retailers are failing customers.

DESPITE SIGNIFICANT investment in digital channels, UK retailers are still only answering just over half (55%) of routine customer questions asked via the email, Twitter and web channels. According to the 2015 Eptica Multichannel Customer Experience Study, email performance has worsened considerably in retail since 2014, both in accuracy and speed of response, while Twitter has improved dramatically over the last 12 months.

The average time taken to answer questions sent by email has increased by over 8 hours to 43 hours 52 minutes between 2014 and 2015, while the percentage of retailers successfully answering a query sent via email dropped from 63% to 58%. In contrast, tweets were answered in an average of 4 hours 5 minutes, over twice as fast as 2014's 13 hours 10 minutes. Only 43% of tweets received a successful reply, although this was 10% higher than 2014. The web remains the strongest channel for customer service in retail, with 65% of answers to queries being found on company websites.

The Study evaluated 40 leading UK retailers, split between 4 sectors (food & wine, consumer electronics, entertainment and fashion). Repeating research carried out since 2011, it replicated consumer behaviour by measuring businesses on their ability to provide answers to ten routine questions via the web as well as their speed and accuracy when responding to email, Twitter and web chat.

As well as retailers, the Study also evaluated businesses in six other sectors (banking, utilities, telecoms, electronics manufacturers, travel companies and insurers). Retail consistently outscored the overall average of all ten sectors on the email, Twitter and web channels. Across the entire study only 39% of emails were answered successfully, compared to 58% by retailers, with accurate Twitter responses for the four retail sectors 2% higher than the overall average of 41%.

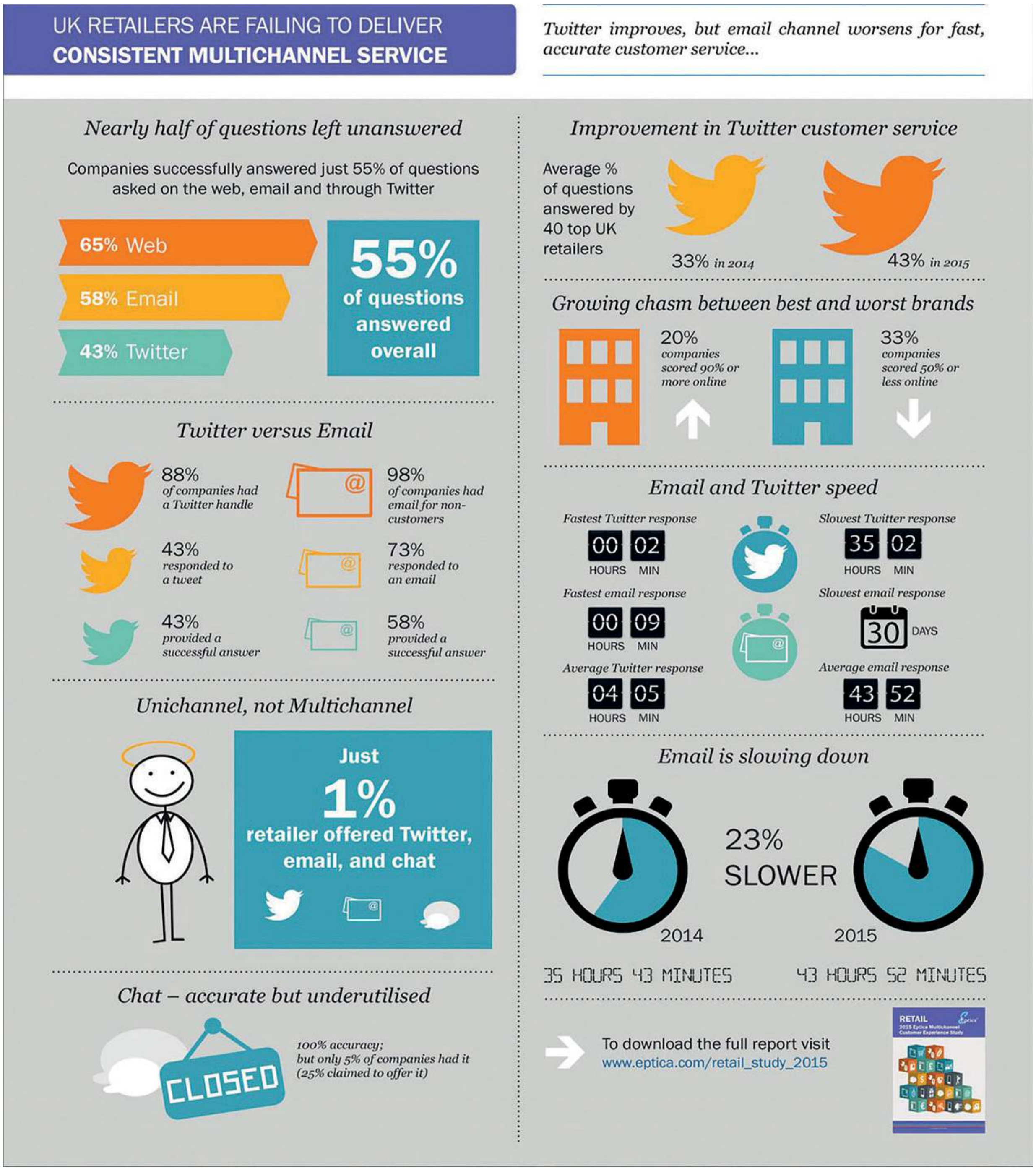
"With ecommerce sales breaking the £100bn mark in 2014, digital channels are now central to the success of retailers, whatever sector they are in," said Julian Sammells, Sales Director UK & Ireland, Eptica. "Unfortunately the 2015 Eptica Multichannel Customer Experience Study found that there has been little improvement in how retailers are performing compared to 2014, with a major drop in email speed and wider gaps between best and worst. Retailers need to evaluate how they are performing for digital customer service and invest accordingly to ensure they are ready for the future demands of Christmas 2015."

Retailer performance on email demonstrated that too many suffer from inadequate resources or broken processes. 98% provided consumers with the ability to email them but then fewer than three quarters answered messages sent to them. Some provided a response that didn't answer the question, meaning that only 58% of queries were successfully responded to.

Additionally, there were big differences between individual sectors and the retailers within them – electronics retailers answered 80% of emails, while entertainment retailers managed just 40%. One retailer successfully answered an emailed question in 9 minutes yet another took over 30 days.

IS TWITTER BETTER?

While it saw improvements, Twitter also suffered from gaps between what was offered and actual performance. Some 88% of retailers were on the social network yet only 43% successfully responded to a tweet. 45% simply did not answer, suggesting that insufficient resources have been put in place to cope with the growing demands of the channel. Again, there was a wide range of response times – two food and drink retailers answered in 2 minutes, while a fashion retailer took over 35 hours to reply to a tweet. The entertainment sector responded to just 10% of tweets, while electronics retailers answered 60%.



On the web, retail saw a 5% advance in performance since last year, answering 65% of questions. While fashion retail, which has topped the overall study for the past three years, dropped behind banking, it still provided answers to 78% of questions. Entertainment again brought up the rear, scoring just 52%, exactly the same as in 2014.

The final channel surveyed was chat. While 25% of retailers claimed to offer it, just 5% of companies had this working when tested, down from 8% in 2014. All retailers with chat successfully answered the query raised with them, although the average time of the session increased from 4 minutes in 2014 to 5 minutes 30 in 2015.

"Today's retail market is incredibly competitive, and customer service is a key way of differentiating and increasing loyalty and sales," said Olivier Njamfa, CEO and co-founder, Eptica. "Consumers want a seamless, straightforward experience, yet the Eptica study found that too many companies are making it difficult to get answers to even the most basic questions across digital channels. Retailers that fail to improve are likely to lose customers to their rivals unless they focus on improving the experience they offer."

Retail review

As customers and retailers look across all touchpoints rather than siloed channels, so IR retailer reviews look at the entire retailer's eco-system of website, mobile, the use of digital in store and their overall strategy. Longer in-depth analysis of the four areas can be viewed online at www.internetretailing.net. This issue our reviewers examine Very Exclusive.

RETAIL LEADERBOARD	
John Lewis	83/100
M&S	80/100
House of Fraser	78/100
Burberry	78/100
Debenhams	77/100
New Look	77/100
Argos	75/100
IKEA	75/100
Topshop	70/100
Very Exclusive	70/100
Oasis	66/100
Google Play	60/100
Boots	59/100
Majestic Wines	56/100
J Crew	50/100
Morrisons	27/100

RETAIL STRATEGY 15/25
JOE TARRAGANO, DIRECTOR, TRANSFORM

It seems that the Very brand has gone from birth to an £800m powerhouse in the blink of an eye and we could therefore assume that Very Exclusive is in safe hands. Shop Direct has been clever enough to recognise luxury and even high street premium is very different from its core. It has added to the management line-up with My-Wardrobe founder Sarah Curran, also bringing in key individuals from Harrods and Harvey Nichols to run buying, beauty, and PR. This team instantly adds experience, credibility and contacts in a part of the fashion sector where managing brand sensitivities and communications are even more critical than usual.

Along with well-qualified leadership, the brand also has access to the Shop Direct customer base and benefits from the successful and advanced platforms, culture, analytics and fulfilment capabilities enabling Shop Direct's other offerings.

With so many positives underpinning this new offering, if the brands stay willing to embrace democratised luxury and given customers crave it, Very Exclusive will no doubt be the super model to watch.

WEB EFFECTIVENESS 16/25
NICOLA DUNLOP, USER EXPERIENCE ANALYST, USER VISION

Veryexclusive.co.uk presents a clean and clear user journey when searching for a desired product. The monthly payment service is an enticing offer and so should be embedded further throughout the site, especially within the category page to persuade buy-in from customers who may not invest in high-end fashion otherwise. A deeper and clearer explanation of how the service works should be provided to build confidence in the user to ensure potential customers are clear as to what is involved. Otherwise the navigation works well and great form design has been applied within the registration process.

MOBILE 16/25
ROB THURNER, MANAGING PARTNER, BURN THE SKY

Very Exclusive went out with a prediction that by 2015 every transaction would involve a mobile device at some stage of the customer journey. Its responsive site and native apps looks set to deliver against this vision.

Very Exclusive has invested in a mobile optimised site and native apps. Whilst the product ranges accessible by browser and app vary significantly, I'm impressed by some of the functionality of the app, which justifies investing in both platforms. It's clear VE has a solid understanding of its shoppers, and makes it easy to find, browse and buy. The site and app are heavy on discounting – right from the 10% offer on the homepage, encouraging shoppers to buy now, and pay by instalments.

INTERNET RETAILING IN STORE 23/25
REETA MCGINN, ASSOCIATE DIRECTOR, JAVELIN GROUP

With the £100m plus investment over three years into data, ecommerce, personalisation and IT already underway, it's clear Very Exclusive's owners Shop Direct are putting their all into their vision to becoming a world-class digital retailer.

Very Exclusive, the "start up with a trust fund" as described by Managing Director Sarah Curran, is wasting no time in putting some of this investment to work. Bursting onto the web to coincide with the launch of London Fashion Week, the brand has been making the most of Shop Direct's digital technology within its online store.

It has been interacting with prospects and customers heavily through online PR and social media, featuring on leading online magazines and engaging leading Bloggers and Vloggers to raise awareness of its high end fashion edit and by posting a wide variety of rich content throughout all the usual social channels its customers consume. The group has also invested in creating a 'world class digital publishing' capability. Shop Direct as a whole has a history of trialling emergent digital technologies on their online stores and these investment and initiatives are just the tip of the iceberg. There will be exciting times ahead as Shop Direct continues to invest in creating highly personalised customer experiences across its brands.

'Store' refers to digital storefront as well as physical stores with the resulting score relating to the massive use of technology and technology investments supporting the brand.

Ecommerce in Europe?

The recent UK elections have ensured that the question of “Europe” and ‘Brexit’ will dominate news for the coming year. Is there an ‘ecommerce position’ on Europe, and is this even a commercial question? Ian Jindal considered whether we can find more light than heat in the debate…

THE WORD “Europe” is nebulous, unclear and conceptual - yet viscerally important to people inasmuch it links their hopes, values and futures in a single phrase. Even if it’s possible to disentangle the personal from the political and commercial, the way in which we attempt this will have long-term repercussions.

I am of a generation that saw Europe as a route to trading prosperity and liberal markets, while also working to avoid a third European-generated world war. While the UK has consistently avoided the language of ‘integration’ and a federal European state, the language of unity has also been consistent. Indeed, in the recent Scottish referendum the unionist call was for Scotland to *remain* part of the UK. A resonant phrase at the time was that ‘the world doesn’t need another small country’ and so we seem to want to be no smaller as a country, yet also remain separate from Europe.

These arguments are emotional and at heart speak of how we see ourselves in the world and our own identity. For commerce, however, this reasoning is too nebulous.

Ecommerce can offer products seamlessly and without friction across borders to the whole of the EU thanks to a consistent trading framework of taxes, market access and legislation. Our logistics partners are able to locate warehouses in one country, sign contracts in others, drive across borders and hire staff where needed supported by the reality of law, roads, buildings and of course people. However, retailers correctly cite that we can readily trade globally, often without the admin overhead of Europe (which a report from the Swedish National Board of Trade, www.kommers.se/onlinetrade characterises as 28 individual markets).

‘People’ may be the key aspect for consideration. Ecommerce needs people - both as employees and as customers. These are of course often the same, especially given retail’s role as a major employer.

Ecommerce needs skills that are in high demand. Senior professionals from the UK are sought-after around the world. Last week I was working with a global brand whose European team in Italy comprised British, French, Dutch and German managers, all working together. Talent rejects boundaries.

For our front-line staff, however, the picture is less rosy. Retail is not known for the generosity of its store pay. The staff who carry our brand to customers feel under threat from wage stagnation, job security concerns and limited prospects. Against this background, European migration for work is a raw topic. Marc Carney (Governor of the Bank of England) said in May that the UK’s employment levels have surged, thanks to people working longer hours and older people staying in work. His estimate was that this contributed 500,000 jobs to the economy. In comparison, net migration contributed 50,000 jobs, yet it’s still a ‘dog whistle’ topic. Crucially, Carney sees that the key question for our economy is not migration but rather increasing UK productivity.

A concern for etailers is whether the European market is addressable as a ‘whole’. Our research into the Top500 retailers in Europe has shown that only 20 retailers have a store in 10 or more countries. Can ‘retailing’ be pan-European, or is it more an opportunity for brands selling direct? Furthermore, those selling into Europe note that there’s no such thing as a “European customer” - rather each country is as distinct and demanding as our own. We are unlikely to have misty-eyed delusionals amongst our readers who trade in Europe on a daily basis!

The question for our readers in the coming year is whether to address Europe in an individual capacity, or to contribute to an industry voice: a narrative of skills, of customer connection, of cross-border commerce. A narrative that is objective and contributory, ensuring that the fundamental commercial questions are aired (amidst the noise of the in-out debate).

At InternetRetailing we will be running a thread of apolitical investigation into the views, options and factors for ecommerce in Europe and we welcome your thoughts and contribution. We have a series of lunches, opinion pieces and research activities in the next 6 months and if you’d like to join in, contribute or cajole, please do drop me a line at ian@internetretailing.net.

Analysing Europe

InternetRetailing's IREU Footprint Report, highlighting the 800 leading retailers selling in Europe, was launched at the InternetRetailing Expo. Emma Herrod highlights the initial findings.

FROM ATU and Abercrombie & Fitch to Zlotewyprzedaze, Zoot and Zulily, InternetRetailing's IREU report lists the 800 traders leading the 31 countries of the Economic European Area, plus Switzerland.

Following further analysis, the list will be narrowed down to the 500 that will make up the IREU Top500, to be published at the InternetRetailing Conference in October.

The retailers have been selected for inclusion following a research process that takes account of factors including their degree of web engagement, how many physical retail locations they have and their turnover.

Researchers found that ecommerce giants such as eBay and Amazon dominated online, with 41% of all online traffic, while traders such as Carrefour and Tesco had far-reaching store networks.

The range of tracked revenues went from less than €20m to tens of billions. Of the 800 retailers listed, 20 operated stores in 10 or more countries of the area under observation.

The research also threw up insights about individual countries. While 80% of the Czech Republic's most popular retailers originate from that country, none of Malta or Lichtenstein's top retailers are domestic.

"What's interesting is the lack of pan European titans," said InternetRetailing Editor-in-Chief Ian Jindal. "Each country seems to have its titans but there aren't that many across Europe. It's only the pureplays who seem to have this."

Discussing the concept of 'top'ness in ecommerce and multichannel retailing, Michel Koch, Ecommerce Director at Maplin, said: "For me, being top in terms of omnichannel retailing is clearly understanding the way to join the dots between your store estate and the website. When going international, one of the things you're measuring here, it's how you localise your value proposition and your brand to all the individual countries you want to address, rather than sell cross-border with one website. In France, for example, people prefer to collect from collection points, and in other countries you need to adapt your payment methods. It's how much effort are you prepared to make?"

PERFORMANCE DIMENSIONS

The InternetRetailing team of editors considered the task ahead of researchers as they look to rank retailers across the six performance dimensions that are used across the IR Top500 series to measure ecommerce and multichannel performance. They are: strategy and innovation, the customer, operations and logistics, merchandising, brand and engagement, and mobile and cross-channel. The IREU Top500 will determine the leading retailers in each of these dimensions.

Writing on merchandising, Jindal said: "In our research, we will see masterful retailers at scale in their own countries and regions, niche players that resonate across borders and multinational specialists who are able to extend generic patterns with local touches. Balancing these capabilities to determine the best retailcraft is an eye-opening task, but necessary to understand the heart of multichannel, multinational retail."

What's clear from our work and thinking so far is that Europe, for all that ecommerce is becoming an international language, remains a hugely diverse continent where retailers do things very differently in different countries.

Get beyond such shared experiences as navigating the online checkout process – and even in such an apparently utilitarian part of the shopping process there are huge variations around, for example, payment and delivery options – and it becomes clear that Spanish and German customers have very different expectations. Retailers from the UK and, indeed, other European countries are mistaken if they assume the approaches that worked in a home market will succeed across the continent.

Those online merchants that have had most success so far, such as Amazon and eBay, are those that have approached each country on an individual level and invested significant resources. It's important to realise this doesn't mean creating 32 different websites. Amazon, which has the highest web traffic in all but eight European countries, dominates the retail market with only six country-specific websites on the continent. It does so with an emphasis on competitive price and customer service, but also by taking a strategic approach that focuses on the key European ecommerce markets.

> "Of the 800 retailers, only 20 operate stores in 10 or more EEA countries"

This is revealing. While it's a given that shoppers' expectations vary across markets, it seems likely that larger merchants such as Amazon, which concentrate on what consumers do have in common across the region, principally a wish to buy at the right price and in the manner that best suits them, will be among those that succeed in selling across the EEA.

But this won't be the only approach that succeeds. There are huge opportunities, for example, for smaller, nimble specialist companies. One way to think about the wider European market is to remember that a shared interest – whether in astronomy, baking or calligraphy – is in itself a kind of shared language and culture. We would expect that sector-specific retailers that work out how to export expertise will also prosper.

As to what unites these kinds of successful retailers, the behemoths and the specialists, based on our experience researching the IRUK 500 we would make a calculated guess that customer service will always be a key differentiator.

Companies that, in ways appropriate to the markets in which they operate, reach out to customers and then deliver on promises will always have a better chance of succeeding. Or we may be wrong. One of the most exciting things about doing this kind of qualitative and quantitative research is that we're able to take such assumptions and test them – to destruction if necessary. Over the coming months and years, as we refine the IREU 500, it's this approach that will enable us to create an unrivalled picture of the European ecommerce and multichannel market, and to highlight examples of best practice, from wherever they originate.

In October 2015, we will publish the first InternetRetailing European Top500 Report. We are always interested in finding expert Knowledge Partners to assist us with this research. For more information, contact Ian Jindal, Editor-in-Chief, InternetRetailing, ian@internetretailing.net

IREU TOP 500
Brought to you by InternetRetailing

A natural marriage

Later this year, Marie Claire and Condé Nast are launching separate commerce ventures to add purchasing ability to the inspiration they bring to their loyal magazine readership. Emma Herrod investigates what this means for retailers.

CONSUMER MAGAZINES have been trying for some time to find a way to make editorial content shoppable and bridge the gap between content and commerce to convert their loyal and engaged readership into avid shoppers. Back in 2007, Nicholas Coleridge, now President of Condé Nast International, spoke to InternetRetailing about the publisher's Stylefinder.com launch, while in the US that same year, InStyle rolled out a shopping site.

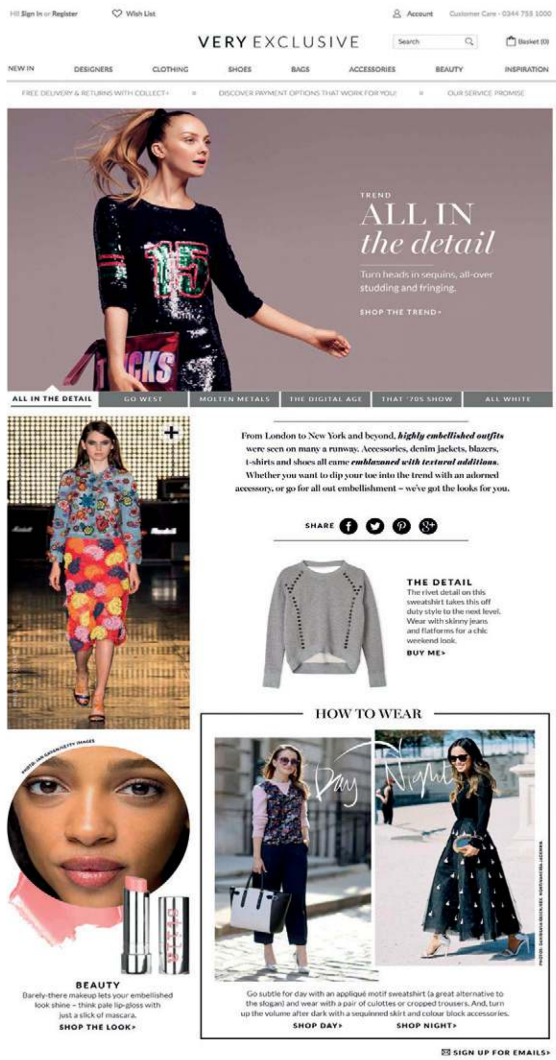
Shopper behaviour and technology has since moved on and, so have publishers' commerce aspirations. For example, last year Bauer Media started working with Atosho to trial its ecommerce platform across its magazine portfolio, while in 2013 Grazia launched an ecommerce site enabling readers of its digital edition to shop the magazine as they read. The digital version of Grazia now contains all of the print edition's editorial content along with a shopping facility that enables users to shop in-app, share via social channels and save products to a cross-edition wish-list.

ENGAGEMENT

Magazines are full of inspirational ideas and can engage their readers from cover to cover whether the subject is fashion in Vogue, beauty in Marie Claire or cars in Top Gear magazine. They have the power to influence consumer spending because of the level of trust built up between readers and the brand. It is this level of engagement and trust that publishers are drawing on when moving their readership further down the sales funnel from inspiration to purchase.

It makes perfect sense and it's something that's being requested – especially by readers of fashion magazines. "Magazines are the initial point of inspiration, and when readers feel the urge to transform that inspirational moment into an act of purchase we must listen," says Franck Zayan, President of Condé Nast's Style.com venture.

Jackie Newcombe, Managing Director of Time Inc UK's luxury brands, agrees. "As publishers we know we stimulate demand," she says. "When we write about products, they sell."



However, it's not as simple as just adding a buy button next to products in a digital edition or affiliate links in the text of articles. It has to be done in a way that's seamless for readers and doesn't damage the trust that they have in a magazine.

As Zayan points out: "When reading a magazine, consumers are readers before being shoppers. So, if we offer the possibility of purchasing products from magazines, we must respect the readers and not send them away to a third party site, as affiliate models do. When an act of purchase is done on a magazine, the customer must be able to return to the reading afterward, the experience must be seamless and the balance must be respected."

This autumn sees the launch of Condé Nast's Style.com, a marketplace through which readers of its magazines – including Vogue, Vanity Fair and GQ – will be able to order products from magazine-branded websites and apps as well as from the Style.com site itself. Readers will also be able to scan items from the printed magazines. The publisher will not hold inventory at this stage to avoid being tied down with logistics and shifting unsold stock at the end of a season.

Initially, Style.com will offer items from between 100 and 200 upmarket brands from the fashion, beauty, travel and technology sectors. It will increase the number of brands offered as sales grow and geographical market reach expands. A US launch is planned for early 2016 and Style.com will then be rolled out globally to reach the 300 million people that read one of Condé Nast's 140 magazine titles or 120 websites in multiple countries and native-language editions.

Things such as catwalk items aren't available to purchase when fashion magazines are published, so the publisher has come up with a range of options to overcome this. Zayan explains: "If the product they're looking at is not available we will offer them the possibility of being notified when it does become available. In the meantime, we have to recommend a set of alternative items. But recommendations only make sense if they are extremely relevant. This is the reason why we've spent an incredible amount of resources and energy over the past year to build a very sophisticated recommendation engine that we will launch with our commerce platform."

THE END-TO-END JOURNEY

Marie Claire UK, part of the Time Inc group, will take a step closer to becoming a retailer when it launches a multichannel retail business later this year. The venture is being launched jointly with Ocado subsidiary Speciality Stores, which brings its expertise in ecommerce and logistics to the business. Beauty products will be sold online and through at least one shop to create a unique and seamless customer experience.

Newcombe describes the proposition as "game changing" and one that will be "shaking up the market not just moving share around". She adds that it will be "a marriage of compelling content, commerce and community".

Although she would not be drawn on whether the new venture will be selling Marie Claire-branded products, she confirmed that it "wouldn't be beyond the realms of imagination".

Importantly, Marie Claire recognises that its expertise lies in providing compelling content, so it makes sense for it to work in close partnership with another company whose expertise lies in logistics, explains Newcombe. In fact, she's keen to point out Ocado's move into being a technology company, with 550 developers, and that it does not want to be seen as just a grocery business.

"We help people find the right product," says Newcombe. The new venture means Marie Claire will enable them to make a purchase which, she adds, is "core to how we see the future".

THE IMPORTANCE OF CONTENT

A magazine's role as an educator or guide that helps customers to find a product is something that will resonate with retailers. The selling journey and engaging content are linked to each other and create a sense of community that's relevant and right for each retailer's customers, explains Sarah Curran, Managing Director of Very Exclusive.

In the same way that people choose magazines that resonate with them, so they select which retailers to shop with. How a retailer communicates, the language used, the visual imagery and the style and edit of the products all help to create a space in which customers can feel comfortable and reassured that they've found a retailer that's relevant and right for them.

Editorial-style content enables retailers to hold the customer's hand providing an edit through the season that's relevant to them while bringing greater visibility to individual items.

The 'editor's pick' – as used by many of the fashion retailers who use editorial-style content as part of their content strategy – is a strong part of customer engagement. It provides a daily drum beat of content that has been critical to the M&S.com site, according to its Director, David Walmsley. He told delegates at the InternetRetailing Conference in October 2014 that the retailer had to discover the role content plays in its customers' lives and how they engage with "snackable forms of content" as well as more in-depth articles, and how this could be used to reflect the trends and styles through the M&S collections.

How to inform, educate and inspire and not simply tell is something that retailers can learn from publishers, believes Steve Middleton, Managing Partner at Hangar Seven. Publishers, he says, are better at engaging with their audience because that's their business. They are turning that engagement into commerce, whereas retailers are aiming to add engagement to commerce.

"If you can combine the urgency of a national daily newspaper newsroom with the sophistication and depth of the monthly periodical then you're onto a winner," Middleton says.

One of the challenges, however, is that it isn't as easy to measure results with this type of content. In addition, there can sometimes be a conflict between being editorially generous in the way that magazine-style content would be and the urge to then add a call to action, product and price. "Ecommerce companies understand it in the broad sense but in the reality of the sales figures it tends to be the first thing that's dropped," says Catherine O'Toole, Founder of Sticky Content. "Building a dedicated readership is a long game," she explains and "with the amount of competition, why would shoppers want to read your fashion tips when they could read Vogue?"

Enlightened retailers are now talking consistently about content and strategy. They are looking at the topic as a truly joined-up adventure, that's 'always on', explains Middleton. But everything a retailer does must be designed and developed to be channel and tactic agnostic. It must work in all these places and in ways which allow the consumer to enjoy a truly joined-up experience.

O'Toole agrees: "Retailers need to get to grips with the new formats and the number of platforms." Companies such as Waitrose and M&S already publish customer magazines but digital is an opportunity to do this in new ways and on different platforms. Rather than sitting down with an M&S magazine, I might sit down with my tablet and read their content, and there and then tweet something or share it on social media."

Content, though, needs to be adaptive in context and formats so retailers can get the maximum reuse and value out of it. A highly modular format is much easier to reuse in different digital spaces and can be localised in different languages. One of the trends that O'Toole is seeing is retailers attempting to be more efficient in their content creation.

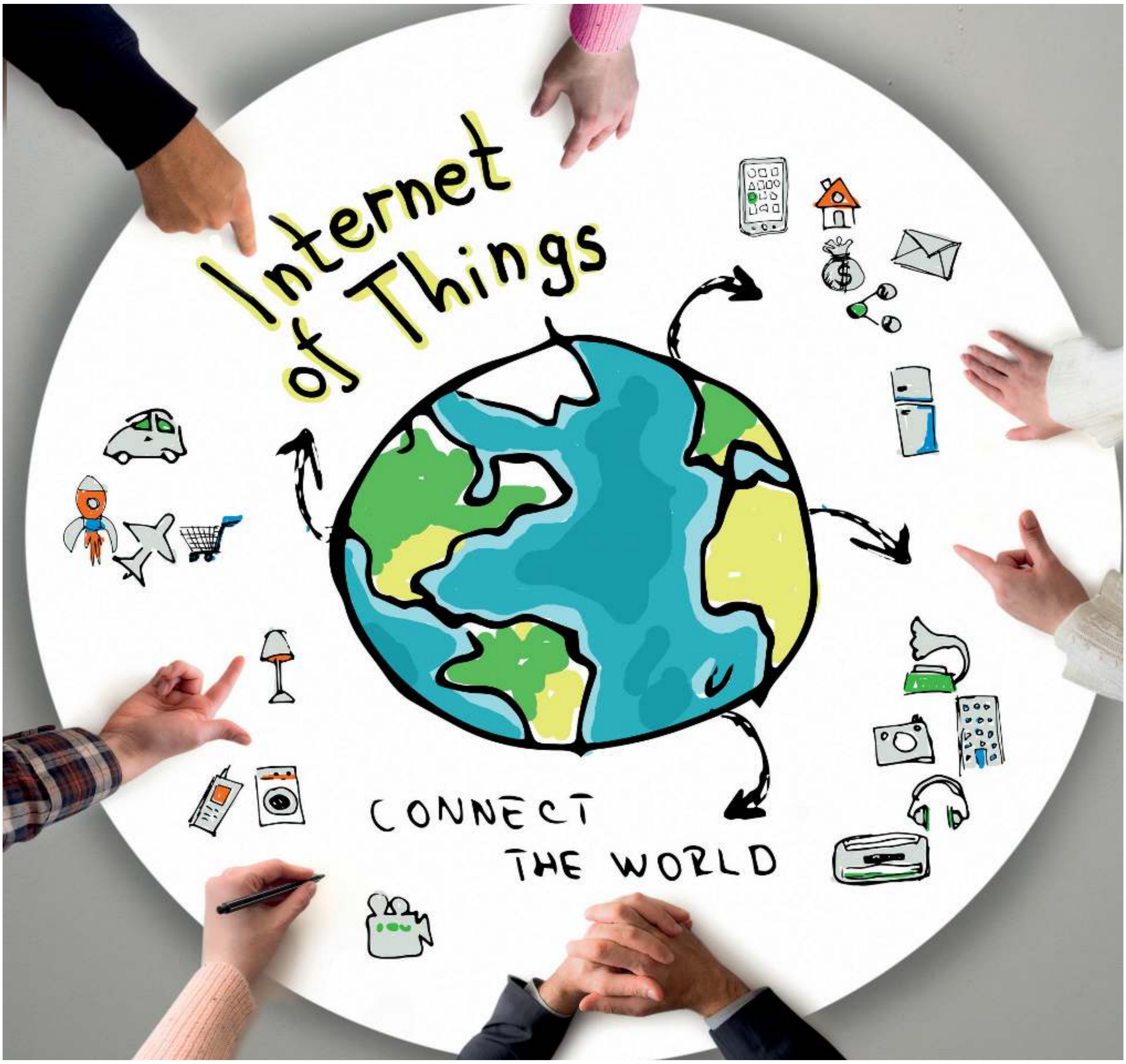
It also needs to be relevant, not just to the device but also to the customer, their previous purchases, the items they've viewed and propensity to buy, believes Curran. "Retailers should integrate content accordingly," she says. "Personalisation and content go hand in hand."

So, should retailers see the rise of publishers as retailers as a threat? Curran believes that anything that educates the customer around creating more content and engaging experiences on mobile is only a positive thing. O'Toole agrees but does warn that retailers need to embrace the opportunity.

Content is a necessity of online retailing with customers needing basic product information to be able to make the purchasing decision. While editorial-style content may keep browsers on your site for longer with daily picks keeping you top of mind or leaving the shopper hitting the delete button on your emails, this type of engagement is a long-term game. It's one that publishers are already very good at but a good fashion editor isn't necessarily a good fashion buyer or merchandiser. The two together though could make a strong team so while publishers are enticing top retail staff into their sector, retailers need to also look to the future of engaging customers not only through their own channels but also through the complex relationships that already exist between publishers and retailers.

The commerce of things

James Gagliardi, Vice President of Product and Innovation at Digital River, explores the Internet of Things and why it's the next big revolution in how we sell.



OVER THE last few years the Internet of Things has been one of the IT industry's most talked about trends, and rightly so. Already, the proliferation of connectivity is changing lives and industries in profound ways; and with an estimated 75 billion individual objects to be connected to the internet by 2020, the world of connected devices is still in its infancy.

To date, companies are still largely focused on getting their existing devices connected to the internet and launching new product lines to take advantage of the growing interest in connected goods. However, connected devices are merely curiosities if they don't make human lives appreciably better.

From that perspective, we are just starting to glimpse the potential of the Internet of Things. The real transformative power of this paradigm, however, resides in its next evolution, which is called the Commerce of Things – a new type of retail where connected objects will decide on and make commercial transactions by themselves.

Within just a few years, the objects we use will start to free us from the tedious and costly business of replacing the things in our lives that get used up or worn out or spoiled. They will do this by themselves, with our permission and on our behalf, in order to make our lives better. And we'll be glad they do. It might seem a little unsettling to imagine that our stuff will engage in commercial transactions without our intervention. However, history shows that, although technology often unnerves us at first, we quickly get used to innovations that can make a difference to our quality of life.

The Commerce of Things can free up our time. Every time you need coffee, you have to do something: order more coffee beans online or pick some up at the supermarket. The time you spend buying coffee beans seems inconsequential until you start adding up all the little errands that quietly eat up your life – getting food for the dog, dishwasher tablets, razor blades. Once objects are smart enough to enable commercial transactions on their own, all these tiny to-dos will simply take care of themselves – freeing us to spend more time doing more meaningful things.

The Commerce of Things offers a cure for procrastination. Many of us put off necessary purchases for too long because we're preoccupied with a thousand other more important things. For example, most people don't change their electric toothbrush heads regularly enough. Right now, connected toothbrushes can report on how much and how hard we brush. However, we still need to go and order replacement heads whenever we need them. Because of that extra step, many of us go too long with a worn-out brush. If a new brush simply arrived in the mail every time you needed one, your dentist would be happier and you'd be healthier. The Commerce of Things can help us make sure that important tasks don't become urgent tasks at the last minute.

The Commerce of Things will lead to smarter purchases. Many of our purchasing decisions are, frankly, unwise. We make impulse purchases in the checkout line, and we succumb to the allure of the overpriced luxury item merely for the label. Connected devices will take advantage of the power of big data analytics to take the human frailty out of consumer decisions, saving us money and improving our lives.

If I know my running shoes will replace themselves at exactly the right time with exactly the right model for my feet, I won't be tempted to splurge on an overpriced new pair that I don't really need. If my smart smoke detector can tactfully send a replacement battery in the post at exactly the right time, it can make my home safer.

> "Digital commerce infrastructure will be vital to manufacturers as they make the shift to the Commerce of Things"

INVITE NEW OPPORTUNITIES

Right now, subscription services from Amazon's 'Subscribe and Save' to Adobe's Creative Cloud allow us to automate some of the transactions our lives require – but in the future, connected objects will take this one step further. Rather than sending me coffee approximately when I need it, a smart coffee maker will send me a fresh supply exactly when I run out – never too late, and never when I'm away on holiday.

However, there is no doubt that making the Commerce of Things a reality will require an immense effort of innovation. To make daily purchases effortless for consumers, manufacturers will need to assume the effort of commerce themselves. Merchants will face significant challenges to traditional business models – most significantly, the challenge of adapting to the constant pressure of object-mediated micro transactions.

When a company sells replacement toothbrush heads through traditional retail channels, it might sell a thousand products in a single transaction. But what happens when a thousand smart toothbrushes order their own replacement brushes individually? Rather than making a single sale, the toothbrush manufacturer will have to process a thousand tiny transactions – each of which comes with its own regulatory challenges, its own security risks, and its own payment-processing costs.

Digital commerce infrastructure will be vital to manufacturers as they make the shift to the Commerce of Things. Digital wallets will make it possible for our fridges to buy milk while minimising the risk of fraud. Servers that process payments will scale to accommodate tens of millions of transactions rather than thousands. Tax calculators will evolve to comply with local laws without requiring a human being to click a button every time. Developing this infrastructure is costly and demanding.

It is important for businesses to remember that, like all revolutionary changes in commerce, the Commerce of Things will not come without casualties. However, we believe that the new world of connected devices will enable nimble and forward-looking brands to thrive as never before.

The direct-to-consumer conundrum

Iain Devine, Commercial Director of Salmon discusses why brands should be unlocking the benefits of direct-to-consumer marketing whilst leveraging the expertise of their long-standing retail partners. It's not a case of you're in or you're out.

NOW MORE than ever before, brand manufacturers are starting to take control of their consumers' experience and own their customer relationships. Using digital platforms and tools, they are unlocking new channels to drive increased engagement, revenue streams and profits. But despite this shift a multichannel approach is still paramount to brands' success.

Last year was a turning point in the struggle between Amazon, retailers and FMCG/CPG manufacturers for control of the consumers' shopping basket as Amazon continued to expand its offering, particularly in grocery. Outside footwear and apparel, FMCG/CPG manufacturers had been trialling ecommerce but were yet to make big inroads into the direct-to-consumer market. Roll on a year and this wake-up call has led to a substantial increase in the number of brand manufacturers selling online, with a recent Forrester and Digital River survey revealing that brand manufacturers are expecting their direct-to-consumer online channels to become their highest generators of sales within the next two years. As our world becomes increasing digital and brands reap the rewards of their ecommerce offering, it is no surprise that many are considering the prospect of selling directly to consumers.

Pursuing a digital offering is a logical decision based on brands' desire to develop closer relationships with their customers but it is possible for them to enjoy a balance between selling via their own channels and maintaining good relationships with retailers. Even a brand who completely buys into a direct-to-consumer model is capable of servicing retailers and can continue to manage these relationships throughout the change process.

Take global cosmetic giant Estée Lauder who has traditionally sold through retail partners. Despite ramping up its online offering, which is proving to be a huge success, its primary focus still lies with distributing products through the likes of long term partners Boots, House of Fraser and John Lewis.

Brands should look to embrace the omnichannel environment without alienating retailers. In fact, a great brand site can actually provide retail partners with a lot of support. For example, if the site has a great user experience and helpful content, it's a positive touch point in the multi-stage research process most consumers go through before making a purchase. The same survey reported that brands' direct-to-consumer channels can enhance the effectiveness of retail channels, by for example, generating additional traffic to the retailers' websites.

To make the omnichannel offering work seamlessly data must be collected from all platforms to ensure brands can gather insight into their customers' buying habits. This means collating streams of information from the brand's own ecommerce site as well as retailers' channels. It is increasingly important to bring these data sources together to develop a single customer view which can provide an in-depth understanding of shoppers; whether it is transaction data on their last purchase, personal preferences or which devices they use for which stage of their shopping journey. And most importantly, it can be used to create a personalised experience, tailoring each customer's experience, promotion or content depending on the outlet they are utilising – and measure the effectiveness of that messaging at growing sales.

Direct-to-consumer interaction is growing everywhere we look, facilitated by the rise of social media and mobile channels, and manufacturers must be taking advantage of every touch point with the customer. Brands should be looking to achieve a multichannel offering which serves their customers' needs and strengthens customer loyalty. Equally, brands that are lagging behind from fear of change must combat this to ensure they remain successful online, deepening their relationships with their customers and maximising digital revenues. It's not about innovation for innovation's sake but rather creating the perfect blend to facilitate an excellent customer experience.

Redefining spaces

Ross Phillips, Digital Design Director, Daliziel and Pow looks at what retailers can learn from other sectors' use of digital in store and store design for omnichannel customers.

Digital Revolution installation images, The Treachery of Sanctuary in the State of Play section Barbican Centre, 3 July - 14 September 2014, © Matthew G Lloyd/Getty Images, #digitalrevolution

THE TRADITIONAL in-store kiosk in all its clunky glory is, thankfully, on the decline. Where we once saw a solution delivering connected retail, today we see out-of-date hardware, impersonal experience and wasted space. Where 'kiosks' do remain, they have evolved – delivering a service more connected to the customer journey and the aesthetic of the individual store. However, the dominant force is now mobile, enabling retailers to deliver personalised, connected experiences that leverage the individual's data to link their online journey with the offline experience.

Despite renewed confidence in the importance of a physical space and the advances made in joining the dots of our increasingly fragmented shopping journeys, we have yet to see a universal approach that supports, enriches and celebrates how consumers are actually shopping. A true omnichannel experience needs to do more than just connect retailers' physical stores to their online offer; it should foster brand engagement in creative new ways, relevant to the individual while remaining true to the brand's identity. We need to see omnichannel everywhere, breaking out of the walled gardens of individual retailers, making our experiences (and data) universal, and opening up a wider world of retail and beyond.

There are a number of challenges for retailers to face, such as legacy systems (and legacy people), siloed work environments and a constantly shifting digital landscape. But we have an increasingly sophisticated, interactively literate customer, technology that is cheaper and more accessible than ever before, and a strong desire to make physical retail spaces more alluring.

So, how should we be designing for these new hybrid spaces, what can they be, and how should they feel?

CONNECTED

Retail environments should be attuned to their context and engage with what is happening around them – from simple offerings such as local transport updates or the tube system's 'what's on' updates, to more complex features such as Net-a-Porter's live feed of what and where people are buying. Using this real-time information, retailers can unlock fresh ways to talk about products and services and provide customers with new routes to explore and shop. A dynamic system creates variety, making the location feel vital and alive without the need for constant human intervention. This is the 'Netflix' experience that today's consumers expect – always accessible regardless of location or device, and highly responsive to the individual's preferences, making relevant recommendations.

ENGAGING

As retail experiences become increasingly diverse it's important to take inspiration from everywhere. Galleries and museums have long been exploring interaction and engagement, with initiatives such as Bloomberg Connects at Tate Modern encouraging visitors to leave their mark in the space by drawing or commenting on what they have seen. Last year's 'Digital Revolution' at the Barbican featured work where a visitor's physical presence in the space drives content and encourages performance though rewarding visual and audio feedback.

This idea of rewarding feedback is seen in the 'compulsion loops' of video games, especially on mobile where engagement is often measured in the minutes waiting for a bus. Behaviours are formed and nurtured through a series of tasks, rewarding completion (and encouraging repeated play) with a timely hit of dopamine. As wearables become a part of daily life, and by extension a part of retail, it will be important to design experiences that are complementary to these understood behaviours.

Theatre also offers clear lessons in the experimental use of space that we can apply to our retail environments. From the innovative use of reactive projections in theatre company 1927's Golem, to the works of Punchdrunk that actively engage the audience in their narratives, it's about creating a sense of agency and delivering a personalised experience.

By giving customers and staff creative ownership of their environments we deliver a connection that feels genuine and intimate, and create experiences that people want to share.

APPROPRIATE

Too often technology is used because it's new, or seen as a shortcut to appearing innovative. Brands need to embrace digital experiences that feel right for them and their customers. This should be developed into a consistent language of interaction that flows across all customer touchpoints and becomes as important as their logo, tone of voice or colour palette. Apple is an obvious example, but companies like Nintendo and Uniqlo also have an approach that feels unique to them. The White Company store in Norwich, for example, uses 'soft tech' projections to attract and engage customers in an inventive and entirely appropriate fashion.

Brands need to talk about experiences, not technology, and put the focus on how it benefits their customer.

CONVENIENT

Amazon has recently announced their 'dash button', a physical button located in your home that, with a single press, orders more of a specified product. Much like Berg's 'Cloudwash' prototype, this device places the point of purchase where the demand is usually realised. They still rely on traditional methods of delivery but these initial forays into connected devices typify the drive towards convenience to the customer.

In the development of Argos's digital stores, there is a focus on technology opening up a direct connection between the retailer's physical spaces and online offer, along with an ever-increasing range of more efficient ways to pay and collect. One of the key successes of the new stores is how technology both in-store and back-of-house has enabled staff to take a more active role in the customer experience: instead of waiting for customers to approach the till point they are now on the shop floor, engaging and assisting them with purchases, for a more accessible and social experience.

EVOLVING

As the digital landscape continues to mature, it is increasingly important to keep up-to-date with advances in technology and, more importantly, shifts in consumer behaviour. Developing working prototypes is the best way to understand what does and doesn't work for a brand and encourages a more informed dialogue when dealing with new technologies. Ikea's 'table for living', recently unveiled in Milan, is a good example of a company investing in research to understand how developments in technology affect the products and services they sell.

Feedback, analytics and constant iteration are well-worn practices online and in the mobile app arena, but physical spaces are generally slower to adapt, usually leaving digital initiatives to thrive or wither on the vine without understanding why. As our stores become more digitised, it's important to gain a real-time view of customer interactions and be prepared to change.

This is an exciting, creative and challenging time for retail as our spaces and behaviours are being constantly redefined. Yet despite the myriad tools and an increasing reliance on technology to support our shopping journeys, retail remains a social experience and technology should be used to augment this core behaviour, creating richer, deeper and more immersive experiences that encourage loyalty, advocacy, collaboration and trust. Kiosks may appear old fashioned now but so, in time, will QR codes, beacons, augmented reality and even our phones.

The future is increasingly in the hands of the consumer, who is ready to explore the possibilities any brand can offer. There are very few touchpoints in retail that cannot be influenced and enhanced by the introduction of appropriate, enduring technology.

Findings from the IRUK 500 2015

Strategy

Click and collect offering and payment options

- 44% of Top500 retailers offer click and collect, showing a clear grasp of emerging trends among many of the UK's top retailers.
- Amazon won top ranking in this dimension for its wide-ranging use of third-party collection points. Additionally, the pureplay etailer achieved the maximum achievable index value for its payment options.

The Customer

Customer service, website engineering and page load time

- Some retailers performed extremely well in their site load times and engineering quality, where a similar appearance can belie a big difference in usability
- More than half of the Top500 will respond within three hours to a tweet requesting information
- Some retailers are at risk of losing their customer service reputation due to poor responsiveness on social media and other non-traditional channels

Operations and Logistics

Number of fulfilment options, time and cost of standard delivery and ease of returns

- 82% of retailers charge for standard delivery, with a median cost of £3.99
- A quarter of studied retailers offer return via CollectPlus
- HoF and Amazon offer the widest choice of delivery, with 8 options

Merchandising

Qualitative appeal, search relevance, cross-promotion and extra product information

- John Lewis' website outperformed other retailers' in terms of product presentation, website appeal and relevant search results
- We found that many of the top retailers in this dimension have few stores – or even no stores – which we suspect is indicative of their need to put all the information about products on their websites

Brand and Engagement

Brand recognition and social media interaction

- Retailers fail to respond to 75% of Twitter mentions and 85% of Facebook comments – a missed opportunity to engage with potential customers and connect them to products
- 8am Twitter posts are 800% more likely to be retweeted than those made between 10am and midday

Mobile and Cross-channel

Mobile apps, mobile websites, cross-channel services and ecommerce in-store

- 66% of the Top500 have no mobile app and just 19% have a transactional app
- The mobile and cross-channel dimension report identifies six KPIs for mobile apps
- 80% of IRUK 500 websites are mobile optimised, compared to a quarter of the top million websites worldwide

Planning for a robotic future

Robotic technology may be familiar in manufacturing and distribution, but a new generation of humanoid robots may soon be replacing shop assistants and customer service staff. Penelope Ody investigates.

THOSE WITH long memories may recall a futuristic video from the 1990s predicting 21st century retailing, and featuring a hologram personal sales assistant who appeared – rather like Princess Leia in the first Star Wars movie – in front of shoppers as they entered the store. The personal assistant offered to fulfil the customer's every demand and came equipped with knowledge of their previous purchases, wish list, and current needs.

Such virtual sales staff have appeared in recent years, in the likes of Asda and Harvey Nichols, but they tend to come under the "digital signage" category and their conversation is rather limited. Intelligent holograms may still be some way off, but robotic customer service assistants are not. Already developers, such as Aldebaran, are supplying robots that can respond to customer queries, deliver product information and even talk to shoppers as they browse or wait for a "live" member of the sales team. Nao – a 58cm humanoid figure – began work in trial branches of Mitsubishi UFJ Financial Group in Japan in April. The robot is equipped with cameras on its forehead and directional microphones instead of ears and, reputedly, can assess a shopper's emotions using facial analytics and tone of voice, speak 19 languages, and answer service queries about such things as opening a bank account or sending money abroad. According to Takuma Nomoto, Chief Manager of Information Technology Initiatives at the bank, "Robots can supplement services by performing tasks that our human workers can't, such as 24-hour banking and multi-lingual communication."

Nao's big brother a 120cm tall robot, known as Pepper, is already hard at work as a sales assistant in around 74 of SoftBank Mobile's branches in Japan. It greets customers, uses a touch screen to provide product information and collects shopper feedback. Pepper is also being rolled out at up to 1,000 stores in Japan by Nestlé, where it promotes espresso coffee machines and can, according to Aldebaran, understand 80% of conversations with artificial intelligence constantly expanding it's conversational skills as it listens to more customers.

As John Andrews, CEO of the International Omni Retailing Markets Association (IORMA), points out, the Japanese "rather like their robots to be humanoid, but that is not necessary. For many service industries – including retailing – labour costs represent a high proportion of overheads. Customers also increasingly expect whatever it is they want to be done that day – which is going to push up those costs even further. As any new technology becomes familiar in one sector it gradually becomes the norm for others, so it is inevitable that we'll see greater use of robotics: but those 'robots' don't have to be humanoid – they could be tools on a smart phone."

FULFILLING ORDERS

Robotic equipment is long-established in manufacturing, but with the addition of artificial intelligence (AI) such systems can rapidly 'learn' new skills – be that moving products around or interacting with customers. As the demands of ecommerce fulfilment continue to grow, robotic systems are also taking over in the warehouse. Swisslog, for example, has developed a fleet of robotic vehicles, called Carrypick, which deliver mobile racks to pick stations for piece picking in order to reduce fulfilment times. While Amazon's preoccupation with delivery drones has been widely reported, DHL is currently using them to deliver medicines and urgent supplies to Juist, a sandbar island 12km into the North Sea from the German coast with 2,000 inhabitants. With collect from store orders steadily increasing some sort of robotic system may well become essential in-store in future to streamline parcel handling and collection.

Another of those futuristic videos from the 1990s, this one from IBM, used to demonstrate the ultimate self-service store with a customer stalking the aisles of a supermarket and filling his copious pockets with assorted goodies before bypassing the checkout and walking straight out. Here item-level RFID labels and contactless payment systems were predicted to enable assistant-free selling: add robotic shelf-fillers and a suitable security system to ensure that contactless payment really is made and such levels of "self-service" could become a possibility.

Robotics is certainly attracting some major players: while Aldebaran is owned by SoftBank Mobile, Boston Dynamics is a Google subsidiary which has developed a fleet of robots some rather less humanoid in appearance than Nao and Pepper. One, named Atlas – a tough guy that can carry heavy goods and "pick its way through congested spaces" – could, one day, be put in a driverless car as an alternative to today's delivery van and driver.

Sheffield Robotics is involved with iCub, a humanoid robot, which is also being imbued with a "sense of self" and an ability to understand meaning, not just words.

IS YOUR JOB SAFE?

It may all sound rather far-fetched, but the potential for robots and AI to replace many existing jobs is becoming a major concern for many governments. Semi-skilled and unskilled workers may seem the obvious losers, but robots like iCub could also move that potential job replacement towards the "skilled" sector.

Estimates of how many jobs robots could ultimately replace vary. A study by Oxford academics Carl Benedikt Frey and Michael Osborne, suggested that a third of UK jobs could be replaced within 20 years, with those paying £30,000 or less five times as likely to go as those which command a salary of £100,000 or more. A second report last year from the Pew Research Center found that 48% of the experts it surveyed believed that robots and AI would have "displaced more jobs than they create by 2025". Among the many comments the study records from its various participants are such predictions as:

- "businesses will be reluctant to hire people to perform tasks that can be performed by robots, digital agents, or AI applications;"
- "Many jobs – truck drivers, customer support, light assembly, bank tellers and store checkout staff – will be diminished";
- "[robots] will replace low level information workers such as teachers, lawyers and librarians."

If such predictions are even halfway true, universal employment will become a thing of the past with major implications for society. Andrews is already involved with the BIG concept – the "basic income guarantee" – currently preoccupying various governments worldwide. "Although 50% of existing jobs may disappear, new types of employment will emerge," he says. "Instead of sales assistants, retailers will need data scientists for example, but many people will not find jobs; so do we educate children for a different future if there is no longer mass employment? And if large numbers of people are out of work and dependent on BIG they can't afford to buy things, so will we see margins being squeezed to make items more affordable?"

For tomorrow's retailers not only will shopping be omnichannel, but with significant numbers of customers on minimal BIG support, costs will need to be trimmed by using robotics and AI to replace warehouse workers, numerous grades of shop-floor staff, and the delivery fleet. As John Andrews says: "All technology is evolution and it is not going away – you can't put the genie back in the bottle. Whatever happens, it looks like a bumpy ride ahead for retailing."

Right here, right now

Most people have made a payment with their mobile phone but what are they paying for and what does it mean for retailers? Paul Skeldon investigates.

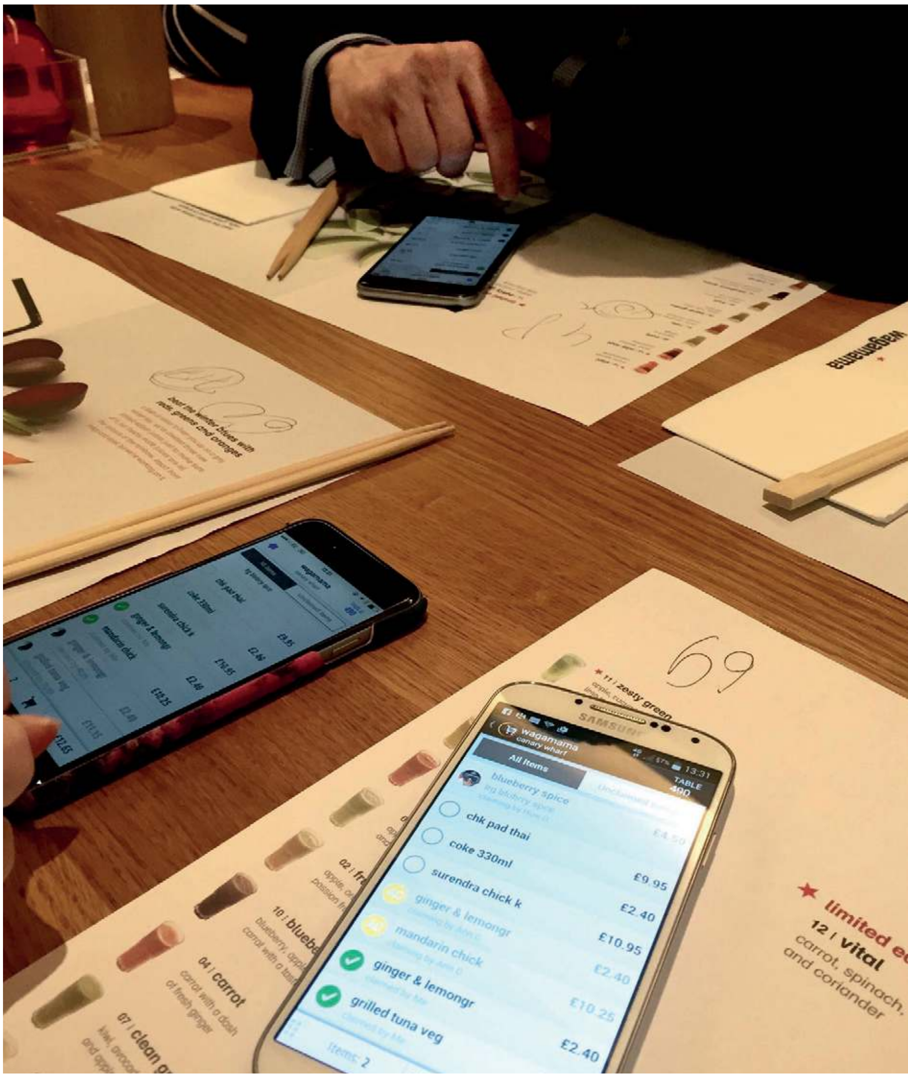
THE LAUNCH of the Apple Watch has all technology watchers slavering about what it means for m-commerce and m-payments. The watch, they say, will be the thing that transforms Apple Pay from a niche payment product to a mainstream one. It won't, and it doesn't need to: mobile payments is already pretty well established in the consumers' mind. Apple Pay will probably make it look nicer and work better, but right now m-payments is here and is being used – albeit somewhat covertly.

The issue with mobile payments is that there are so many different ways of doing it that it often becomes obscured by complexity. There is no one 'right' way to deploy mobile payments so there is no real 'trend' towards it happening.

However, it is happening in many sectors and, because it is so seamless and easy, you hardly notice that it is happening. In fact, research by payment tech provider Oxygen8 has revealed that more than 31 million UK mobile users – that's 92% of them all – will make payments with their mobile device in 2015. A further 24% of users said their spend on mobile would increase with additional payment platforms available at the point of purchase, such as carrier billing.

A separate survey by Experian, the global information services company, reveals that a third of the UK population believes credit and debit card payments will no longer be the preferred method of payment in 2020, as paying with a smartphone will take over.

The march of mobile payments has begun and consumers clearly see it as the future. But where is it now; where are all these mobile payments taking place?



CHARITY

The place where mobile payments has been proving itself for several years now is the charity sector. Many charge to mobile companies that offer what is known as direct operator billing – where the money you spend on something appears on your phone bill or comes off your pre-pay credit – and it's been a huge success. At the last count some £100m is donated in this way every year now in the UK.

Take a look at the most recent disaster in Nepal, the call to action on the widely broadcast adverts has been to text NEPAL to 70000 and you automatically donate £5. This has become a proven technique for delivering money via mobile for some years.

Companies, including OpenMarket Fonix and Oxygen8, which are behind these text tools targeted charities as the ideal proving ground for this sort of technology. It has been a consistent effort to get charities to use mobile and it has worked.

BBC Children in Need is a prime example. Its November 2014 campaign delivered £5m through text donations alone, delivered by two companies Fonix and Harvest Media.

Using the power of text to connect with consumers, donators were also engaged to deliver more Gift Aid than ever before. Edward Boddington, CEO of Harvest explains: "Since we started working with BBC Children in Need in 2011, the charity has always strived to innovate. Using mobile text short codes for charity telethons is a high growth area as it allows charities to keep 100% of whatever the donor texts, in this case £5 and £10 price points."

TICKETING, TRAVEL AND TRANSPORT

The other key pioneer in using mobile payments effectively is the ticketing sector, especially around travel and entertainment. According to Juniper Research, the number of digital tickets purchased globally via mobile and desktop devices including smartphones, tablets and PCs will total 32 billion by 2019. More interestingly, it is already estimated that 16.2 billion will be purchased this year.

The research found that with digital ticketing services developing fast across the transport and events sector, mobile handsets will account for more than half of digital tickets purchased by 2019.

According to Juniper, in almost every market, metro and bus ticketing was being driven by mobile phone usage. The low price, high frequency and high volume nature of metro/bus ticketing was found to be particularly suited for mobile payments.

In addition, it was found that metro/bus ticketing is gaining traction through barcodes delivered via smartphone apps, and through SMS-based solutions, with the latter witnessing impressive user adoption in markets such as Sweden and Italy.

The research observed that ticketing apps will become key for wearable devices, such as smartwatches. "Smartwatches with NFC capability offer a convenient replacement for contactless debit-cards and smartphones. Integrating new devices and wearables should be a key strategic directive for all players across the ticketing value chain," notes research author Nitin Bhas.

However, the research notes that a number of challenges, including scanning capabilities and battery life, need to be addressed for wider adoption.

FOOD AND DRINK

Interestingly, the food and drink sector is becoming one of the early adopters of mobile payments and is one of the first sectors to start using it for something physical rather than digital. Asian-fusion restaurant chain wagamama, has partnered with MasterCard to bring restaurant customers a more convenient and quicker way to pay for their meals using the Qkr! app with MasterPass, which will, the restaurant says, allow customers to pay their bill as and when ready, cutting out the average bill paying waiting time of 13 minutes.

Richard Tallboy, Director of Business Development, wagamama, explains: "We know that the biggest area of feedback from restaurant customers is related to the speed and convenience of payment. The Qkr! with MasterPass payment app allows customers to control when they want to pay through a simple and secure download app. Whether they are having a quick bite at lunchtime and need to get back to work or are having dinner before a show, putting them in control of paying when they are ready makes for a more relaxing dining experience.

"We also know that customers come to wagamama with friends and family to enjoy dining in an informal environment. The app offers our customers the ability to dine together but pay separately via the app, simplifying the experience."

Again the issue of it being about more than payments, as exemplified by charities and GiftAid has been put to the test in the food and drink sector in a trial at Twickenham rugby ground late last year, where fans attending the QBE International rugby game between England and New Zealand could pre-order food and beverages any time before or during a game using an app from PowaTag. Their food and drink could then be picked up from special express lines located at six bars throughout Twickenham Stadium and the West Fan Village, minimising overall queuing time.

Sophie Goldschmidt, Chief Commercial & Marketing Officer, RFU, explains: "We are committed to enhancing services on match day and by incorporating new technologies such as PowaTag we can offer fans a more enjoyable experience at the Stadium. The app enables us to minimise queuing and also deliver a range of offers such as loyalty rewards and special discounts. Our first

venture into m-commerce proved to be a great success, and we are excited to bring the service to even more fans when they come to support the England Rugby team at the QBE Internationals and beyond."

Aside from these sector-based trends in m-payment up take, there are a range of other areas where m-payments is also gaining ground on the quiet. Travel on a Virgin Train and you can pay for wifi access using text via a service called Payforit, which is run quietly and with virtually no publicity by the main UK network operators.

You can also pay for car parking in most places these days by text too, and for some using apps that incorporate pre-registered cards.

All these things are starting to put m-payments in the public mind and, almost by stealth, they are starting to happen. It can only be a matter of time before retailers start to offer mobile as a payment channel.

BUT BE WARNED

However, there are caveats: trust and micropayments.

While mobile and digital payments are on the rise, the majority of consumers in the US – 8 in 10 – still have concerns with adoption of this technology, according to Walker Sands' 2015 Future of Retail Study.

According to the study, cash use continues to be on the decline, with only 11% of consumers having paid for something with cash in the past day and 59% of consumers carry less than $20 in their pocket. Unsurprisingly, it also reveals that consumers are waiting for a trusted source to handle m-payments. While only 4% have used Apple Pay, 18% say its introduction makes them more likely to make a purchase with their smartphone in the next year. The number rises to 36% when asking Apple users.

Consumers – especially the younger generations – are looking for the convenience of peer-to-peer payments, with half of consumers aged 18 to 25 saying that they are likely to exchange money with a friend or colleague via a mobile application such as Venmo or QuickPay, in at least one payment scenario, compared to only 19% of those aged 46 to 60.

Then there is the issue of micropayments. All the examples given above – charity donations, transport, wifi, food and drinks – are all small, low value purchases. Is anyone going to buy a £1,000 handbag using them? Well no, not as it currently stands. However, with convenience comes trust and as consumers learn to trust m-payments for micropayments and increase their use of it so it will come to be used for big purchases.

Look at what has happened with Barclays Pingit. Back in February 2014, an unnamed individual paid a £23,000 deposit on a home to an estate agent using the Pingit app on his mobile phone. It is an extreme example, but it shows that eventually it will come.

Of course, there are limits currently on how much you can spend using the various mobile payment tools out there. Carrier billing, for example is limited to £30 a day and a maximum of £300 per month. Don't forget though that there are limits on cards too. These things will move and evolve as the market does.

WHAT DOES IT MEAN FOR RETAILERS?

So, mobile payments are being used, quite widely, in all manner of applications and retailers in these fields understand its importance. What does this mean for all the other retailers? Well, they need to start thinking about what their mobile payments strategy is going to be because they are sure going to need one in the next few years.

Many will be waiting for "the one" to come along to make their decision easier, but in reality they are going to have to look at several. Let's face it, a given retailer doesn't just take one kind of card payment, or only handle coins; they have to offer multiple payment options. The same will apply to mobile.

The trick is to look at those that are available now, assess the ROI risk on implementing a couple and trying them out. Apple Pay and/or Samsung Pay can be added as and when a critical mass is reached.

Another cautionary note is that perhaps mobile payments alone isn't the key. As proven by charities and Gift Aid, the use of the payment process, especially where it involves SMS, is perhaps part of a bigger engagement strategy. The old model that you market to a potential customer and they come and buy is dead in the digital age: now you have to constantly and interestingly engage them. Payments is no longer the end point, but just another way to talk to them and get them to come again. That on its own should be driver enough to get retailers to invest in a mobile payment strategy.

The Future of Augmented Reality

Helen Foley, Marketing Manager, Elanders UK, looks at how companies have been bringing printed matter to life with augmented reality

AUGMENTED REALITY is nothing new – it has been around, in one form or another, since early research into the subject began at MIT all the way back in the 1960s. However, it's only in recent years that technological advances have made it possible for augmented reality to potentially become part of our everyday lives.

In a nutshell, augmented reality refers to layers of digital information being placed over or within an image. One key use of this has been to add another dimension to multi-platform marketing, often allowing for the use of one medium as a springboard to another that can offer more information.

Brands including American Apparel, Ikea, Thomas Cook and Lego have all experimented with AR offerings. Beyond its novelty factor, does AR have any value for consumers and brands? Although AR is often associated with fun and frivolity, it has a lot of practical uses too. Augmented reality is particularly useful in situations where a brand might not be able to get all of the information they need into a very small space. Take a short flyer, for instance. AR can be used to create a link between that flyer and a video on the product or service. That may feel like something we're quite far away from, especially after the poor adoption of QR codes, but as AR becomes more widespread this is the sort of thing that could become commonplace.

It doesn't just have to be leaflets. AR can also be used with brochures, books, billboards, banners and more. Marvel Comics are even experimenting with augmented reality, using small AR tags to bring the action on the pages of their comic books to life. However, the 1.5 star rating of Marvel's AR app on the App Store suggests that there are a few kinks keeping it from living up to people's expectations.

In cases like the above, printing companies and their clients need to take AR into account during the printing process. Most AR apps currently use either location, with GPRS or similar generating relevant data based on place, or markers to trigger AR. In our case, the latter will probably be most relevant. Fortunately, unlike cumbersome QR tags, AR tags can be made to be quite subtle and unobtrusive.

One particularly exciting space for AR is the travel industry. From destination planning to the trip itself, augmented reality can enhance every aspect of taking a holiday. Consider the following: A potential customer is trying to figure out where to go on holiday. A billboard of a beautiful white sand beach catches their eye. They hold up their smartphone and the beach comes to life, with tourists laughing and having fun. A beachgoer gives them a nod, inviting the person holding the smartphone to join them.

A single click takes them to a page with information on this holiday package where they can make their booking. Once they've arrived, they need to find their way around. By using an app like Metro AR Pro, they can use their smartphone to find the nearest metro stop just by turning from left to right. When it's time to grab a bite to eat, they can use AR to find out more about nearby restaurants, see pictures of the food and view comments left by other diners.

The best part of all this is, just by monitoring app usage, trip providers can get an idea of the exposure they're getting (based on the number of AR activations), see how effective their marketing is (based on clickthroughs) and even use data to build a profile of their customers.

Travel companies don't get to have all the fun. Companies in other industries are using AR to bring new depth to things like outdoor advertising – check out the recent Pepsi Max campaign that brought bus shelters to life for an example of this. However, it's worth noting that this campaign worked so well because there hadn't been anything like it before. You have to wonder if it would have been so popular if more people were familiar with AR and what it can do.

Back in the world of print, catalogues linked to inventory allow customers to make sure products are in stock and buy them straight from their smartphone or tablet. Meanwhile, this data can help brands to figure out which of their products are most popular. Previously, figuring out that information in relation to printed media hasn't really been possible.

Speaking of catalogues, IKEA is experimenting with augmented reality in a big way. Their catalogue allows you to use augmented reality to preview an item of furniture in your living room, bedroom or anywhere else you might want to put it. Useful if you don't have a tape measure handy! But, more than this, such a use of AR genuinely enhances the buying process. People often put off purchasing items because 'they can't visualise' the end result. This application solves that problem very effectively.

It's also an early example of augmented reality being used as a Wikipedia for 3D objects. Want to use your phone, tablet or a headset to get a view of a plant, guitar or even a car from every feasible angle? It may be possible sooner than you think.

AR also has some exciting applications when it comes to education. Imagine taking a trip to some Roman ruins and strapping on

a headset like the Microsoft HoloLens that allows you to superimpose images of how it would have looked hundreds of years ago. Similarly, 'smart windscreens' in cars could be used to display directions, information about traffic and so on.

In some respects a future where augmented reality is the norm is a playground for brands and marketers, but AR is elsewhere being used to block intrusive ads and logos altogether. BrandKiller touts itself as AdBlock for real life, and can be used to 'debrand' surroundings in order to (in their words) 'opt out of corporate influence'. BrandKiller was only an entry in a University hackathon, so further development may not be commercially viable or even possible on the scale that its creators envision, but it's still worth bearing in mind that anti-consumerism represents a possible application of augmented reality.

For the most part, AR remains a novelty. Google Glass, an early attempt at an AR headset designed for everyday use, was shelved in January 2015. Google insists that Glass was nothing more than an open beta to gauge interest in AR, but others have cited underwhelming sales figures as the real reason for its withdrawal.

When it's done well, augmented reality can be interesting and genuinely useful. But if it's rushed or done on the cheap it can look glitchy or tacky. Whether it turns out to be 'the next big thing' or just a passing fad, AR definitely has some exciting possibilities. It's never too early to start thinking about how you might use it for your business or brand, but you may want to take baby steps until you see how widely augmented reality is adopted in the future.

HEADS UP FOR A VIRTUAL FUTURE

Nolan O'Connor, Director at NOC Marketing Consultants and CMO at ASP, looks at what virtual reality could bring to retail.

THE EVENTS and leisure industries have always been about giving people an emotional experience, meeting or doing business face-to-face. The invention of virtual reality headsets, which provide the wearer with an immersive 360° visual experience, is bringing events, brand sponsors and their audience closer together while being in different locations.

Specially commissioned films can take the headset wearer to a museum allowing them to walk around and view the exhibits, backstage at a fashion show, on a helicopter ride, or around a retailer's flagship store.

Spearheading the experiences, are the live entertainment and gaming markets which have always been amongst the first to take on new experiential technology. Think Universal Studios. You see it in cinemas with 3D Glasses and 4D experiences in the likes of Madam Tussauds where brands are trying to give someone an experience they might not be able to get somewhere else in order to sell tickets. Some retailers too have been trying out the technologies and different headsets, testing the Oculus Rift, HTC's Vive, the Playstation Morpheus and the Google Cardboard offering which utilises the wearer's smartphone. Most of them have only been available as developer models but Facebook, as owner of the Oculus Rift, has announced that it will be launching the Oculus at some point in the first three months of 2016.

Red Bull is known for creating fun and exciting events. The Red Bull Air Race is just one of them. The brand teamed up with visual arts studio Rewind RX by utilising the power of Oculus Rift to give consumers a taster of getting behind the controls of an Edge 540 aerobatic plane and experience the pace, twist and turns that a pilot goes through during the course of a race. Experiential marketing at its best!

Other Oculus examples include Canon and its sponsorship of London Fashion Week. It produced an experience of what it might be like to be a fashion model walking down the catwalk in Covent Garden; the manic environment that actually goes on back stage and what a model goes through before being rushed onto the catwalk. It gives a different perspective of the event. River Island became the first fashion brand to use Google Cardboard technology to make film content interactive when it partnered with the British Fashion Council and Google to unveil a CGI film experience and virtual reality app during London Fashion Week in February. Shoppers were also given their own Cardboard headset when they purchased from the Design Forum x Jean-Pierre Braganza collection that featured in the film.

Thomas Cook is introducing virtual reality content and headsets into a number of stores in the UK, Belgium and Germany following a trial at Bluewater during August last year. The initiative will allow customers to view a range of holiday experiences before they buy. These include a helicopter tour of Manhattan, a trip to the pool at a SENTIDO resort in Rhodes or a visit to the restaurant in a SunConnect resort in Cyprus.

With Facebook and the gaming industry taking virtual reality into people's home from the end of this year and Google's response to Oculus available for just £4.95 it is a technology that will soon be on the rise.

Whether consumers' experience of virtual reality comes from a travel agent, a fashion retailer or a brand-sponsored event the experience is the same – immersive and engaging. Will these same people go on to buy products? If used in the right way the Oculus or Google Cardboard could bring them closer to the brand or product and in the way that any positive engagement is good news for retailers, it's the same skills that are then needed to turn that engagement into sales.

Insight around the world

KATY PHILLIPS, E-COMMERCE EDITOR, IDEALO UK

With increasing numbers of retailers looking to widen their customer base abroad, we looked at online shops in Germany, Spain, France, Italy and Poland to discover the key trust-building measures in each country.

Customer Reviews: Although leaving a product or shop review is de rigueur for online shoppers in the UK, this isn't yet the case across Europe. While the majority of online shops in Polish (80%) and half of the German shops in our study displayed customer opinions on the homepage, only around 30-40% of French, Italian and Spanish retailers did so.

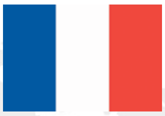
Trust Seals: Perhaps taking the place of customer reviews across Europe are trust seals. Particularly popular with Polish (86%) and German (78%) retailers, seals such as Trusted Shops and EHI Euro Label are present across much of mainland Europe.

Data Security: French retailers in our study placed a heavy focus on SSL encryption. 70% of the French shops advertise their SSL security on their homepage, although this can also be seen via the green padlock symbol in the browser window.

Test Certificates: Although there are various well-known test certificate providers across Europe, such as Stiftung Warentest and TÜV, these are not broadly represented by the shops in the study. Poland shows the most interest, with 42% of retailers displaying a test certificate on the homepage, but amongst the other countries' retailers they are not nearly so prolific.

E-commerce Awards: Again it is Poland which leads the way here. Some 68% of shops in the study displayed an award certificate, along with 40% of German retailers. France, Spain and Italy appear to have considerably fewer awards, with fewer than 10% of shops displaying an award on their homepage.

As the study reveals, the variety of trust-building measures varies greatly from one European country to the next. While Poland and Germany are clearly the frontrunners in terms of the breadth of trust seals and test certificates, a retailer looking to succeed in the French ecommerce market should be aware that consumers are used to a high level of reassurance surrounding data security. The bottom line is that there is no one-size-fits-all trust solution to European ecommerce success and being aware of the most important trust-building factors in the market in which you are trading is imperative.



JAMES LOVELL, EUROPEAN RETAIL SOLUTIONS EXECUTIVE, IBM COMMERCE

Since IBM published its Digital Benchmark Report for the Christmas trading period we have now had time to further digest and analyse the findings in more detail. What is apparent from the findings is that the UK market is really leading in terms of the adoption of the mobile channel, leaving other countries lagging behind. So, what conclusions could be drawn from this?

In this instance let us take a look at France, one of Europe's main retail economies. Interestingly, mobile commerce adoption is some way behind that of Europe with mobile sales accounting for only 12.9% of digital sales and traffic, accounting for 30.5% of all digital traffic. However, we can see from our findings that France is actually the fastest growing country for mobile adoption during the trading period, where mobile sales grew by 47.8% and traffic by 56.7% when compared to the same period in 2013.

What can we draw from this? In the first instance, consumers are now more prepared to use mobile devices as part of their shopping journey. More significantly though, we have seen huge investment coming from retailers, not just in France but also across Europe, looking to optimise the mobile customer experience and make it an inherent part of their overall brand proposition. However, French retailers still have a way to go, as bounce rates in the mobile channel are over 40%, indicating the need for improved customer experience in order to make the mobile channel more user friendly. This will also help improve conversion rates, which are still below 1%.

The other area of note was the low average order value coming from mobile devices in France, the lowest of the 5 main territories analysed in detail. Average order value in France was 43.31 compared to its neighbour Germany, where it was 73.71. It is possible that French consumers are more prepared to make lower value, impulse purchases through the mobile channel, but still prefer traditional digital or physical channels for more considered, higher value purchases.

In summary, whilst looking specifically at France, it is clear that mobile has now become mainstream, and it's becoming imperative that retailers across Europe embrace this channel as part of their overall customer proposition to ensure that today's empowered consumers are able to interact with them whenever and however they want.

CHLOE RIGBY, EDITOR, INTERNETRETAILING.NET

The US, China and India are among the key target markets for British ecommerce businesses looking to expand their online horizons, a new study has found.

World Business Research, working on behalf of business process outsourcing provider arvato, surveyed 78 ecommerce executives in the UK's beauty, fashion, fast-moving consumer goods and luxury sectors and found that 37% of British firms were looking to grow their ecommerce offerings in the US.

Some 33% are targeting China, and 30% India, while 24% are concentrating on Europe for expansion. A third of the companies researched already sold on the continent.

UK firms in fashion and beauty ecommerce are set to be the most active in the US, China and India with 42% and 40% respectively planning for expansion in these markets. However, more than one in three companies across both sectors have undefined timescales for growth, with 15% looking to implement their strategies over the next one to two years.

In comparison, 24% of businesses in luxury and fast moving consumer goods (FMCG) plan to develop an offering in the US, China and India, with 7% looking to expand over the next couple of years.

Tony Matthews, Head of Ecommerce at arvato UK, said: "International markets have a lot to offer British firms in ecommerce thanks to increasing activity on digital channels and a growing volume of digital savvy, middle-class consumers with high purchasing power."

KATIE TARRANT, PROJECT EXECUTIVE, CHINA IPR HELPDESK

The internet has become a popular and easy channel for product distribution around the world. It has created a marketplace of more than half a billion users in China, more than a third of the world's total online population, and is still expanding. Apart from being a forum for legitimate vendors and original products, the internet is also used by illegal and unscrupulous businesses as a platform for the distribution of counterfeit goods which infringe intellectual property rights (IPR). Platforms are being used for illegal activity, including: trade mark violation, sale of counterfeit products and copyright infringement. Online brand impersonators and counterfeiters create brand confusion by interfering with a company's digital promotions, intercepting web traffic and threatening ecommerce revenues.

There are many issues that are specific to the Chinese internet retail environment that international businesses should be aware of. Companies producing intermediate or consumer goods for the Chinese market should safeguard their business via a three-step strategy: (1) registering rights, (2) monitoring ecommerce sites, and, if necessary, (3) requesting take-downs of counterfeit or infringing goods.

Registering your IP is a very important first step, even before considering internationalising to prevent infringement in the early stages, but also because IP can take around 6 months to a year to process in China. Registering is done through China's State Intellectual Property Office (SIPO).

Monitoring ecommerce sites will turn into a regular business practice soon. There is much discussion as to whether these sites should be responsible for policing brand infringement. It is a good idea to proactively monitor the internet yourself. A good place to start is on Alibaba and Taobao who have 700 million users worldwide.

Requesting take-downs of counterfeit or infringing goods is only possible if the company's IP has been registered. In the event that a company spots its IP being infringed, a written take-down letter can be sent to the Internet Service Provider for review. On sites such as Taobao, this can be done through the website or AliProtect, given the company can provide proof of IP ownership.

Internet Retailing Expo 25 - 26 March 2015 NEC, Birmingham

View from the InternetRetailing Expo

The InternetRetailing Expo saw a record numbers of visitors, 20% growth and the launch of eDelivery Expo. Emma Herrod reports on the show.

FROM DELIVERY drones to virtual reality and digital stores, the future of retail was on display at the fifth annual InternetRetailing Expo in March. The event saw more than 5,000 visitors through the doors of Birmingham's NEC with 20% year-on-year growth, a wider selection of the world's best service providers than ever and the launch of the co-located eDelivery Expo (EDX).

More than 100 retailers presented in the conferences that spanned the two-day event. Highlights included John Roberts, Founder and Chief Executive of AO.com, who shared lessons from the company's stock market flotation and how it has enabled the company to expand into new categories as well as internationally. His advice and "top ten lessons" for others going through an IPO included really making sure you are ready since the process will identify every crack in your business. "Imagine taking the top six people out of the business for six months to a year," he said. He also advised business owners to enjoy it, since "it's the most intellectually challenging thing you've ever done". Raising the cash "gives us the ability to expand on the right commercial basis," he told delegates, and has enabled the company to "make more of the right decisions".

Ali Holmes, Head of Global eCommerce, Vodafone shared insight into 'Journey Mapping to Transform Customer Experiences'. With digital accounting for around 75% of customer interactions with Vodafone in the EU, it's important for the company to keep customers happy with its sites and mobile apps. The 3D approach to journey mapping enables the company to gain fresh insight from seeing the world though customers' eyes, to define and design end-to-end target journeys and create concepts and to deliver and then measure the customer experience as well as the impact internally across people, process, technology and communications.

Matt Brady, Chief Marketing Officer at Just East gave a passionate presentation on wearable technology, Augmented and Virtual Reality. Giving delegates a warning based on what happened to the music industry and how companies can quickly be superseded by others such as Blockbuster and Netflix, he reminded retailers that "we have to rethink what we're doing all the time". However, rather than leaving new technology in the marketing department, retailers need to think about how to make it useful. "Where's the app store for 3D printing?" he asked.

International markets were also discussed in the conference sessions and on the exhibition floor. Alibaba shared insight into the Chinese ecommerce market. Singles Day, which takes place on 11 November every year has gone from nothing to being worth £6bn in sales in just five years. In recognition of the fact that retailers need to go where the buyers are, Ken Ardali, Director, International e-Commerce, Alibaba told delegates that Amazon China had opened a store on Tmall this year.

John Munnelly, Head of Operations at John Lewis discussed the logistical challenges of Black Friday in the simultaneously running ▶

conference sessions at the eDelivery Expo. Black Friday "was close," admitted Munnelly. Sales of £44m in just one day led to 2.6 orders being processed by John Lewis every second. As to what the company will be doing to give more scope for Black Friday 2015, Munnelly would not be drawn. "I can't share the list of initiatives," he said but implied that the company was looking at how to get ahead quicker and use suppliers in different ways.

Retailers from Amazon, Dixons Carphone, Groupon, Carrefour, Tesco, Deckers, Shop Direct, Mondelez and Wayfair also took to the podium in the eDelivery Conference.

In a panel discussion on fulfilling customer expectations in the final mile, speakers from Tesco, John Lewis and French association FEVAD agreed that customer experience and communication is more important than speed and convenience. "The longer the lead times, the more you have to communicate with customers," they said.

eDelivery Expo was also where many of the launches were taking place.

WnDirect launched an international PUDO network enabling shoppers to buy from websites in other countries and pick up their order from their local locker, third party collection point or one of the retailer's own stores. The company has partnered with the market leaders in 30 countries, such as InPost in Poland, but is initially launching the service to 11 countries. The others, including Japan, will be added in the coming months, explained Chloe Harris, Head of Innovation, WnDirect.

US company Borderfree was also exhibiting as it announced its entry into the UK market. Already well known in the US, where it works with retailers such as J. Crew and Macy's, Borderfree offers services to retailers wanting to expand into international markets. Another company announcing expansion at IRX was Optimove, a provider of automated retention marketing solutions. The opening of a London office, headed by Richard Mitchell, is intended to expand its European footprint and enable the company to better support existing clients in the UK and surrounding areas.

InternetRetailing also launched its IREU Footprint Report at the show; highlighting the 800 leading retailers selling in Europe today. From ATU and Abercrombie & Fitch to Zlotewyprzedaze, Zoot and Zulily, the reports lists the leading traders of the 31 countries of the Economic European Area, plus Switzerland. Following further analysis, the list will be narrowed down to the 500 that will make up the IREU Top500, to be published at the InternetRetailing Conference in October.

"I love coming to IRX because you get a really quick sense of what are the big things that are going on. Ali Holmes, Head of Global eCommerce, Vodafone."

Speaking from the show, Ian Jindal, Editor-In-Chief of InternetRetailing Magazine, said: "IRX exemplifies the best in multichannel. Our wonderful speakers, sharing insights and inspiration in packed theatres, professional peers learning and networking and of course the largest gathering to date of the leading suppliers to the industry – partners who can deliver on the ambitions plans hatched at the show. Alongside EDX's successful launch we saw that the event is a meeting place for the industry to be inspired and drive commercial success."

Also announced at the show was its acquisition by Clarion Events, alongside the eDelivery Conference, the InternetRetailing Conference and the InternetRetailing Awards. This will allow the show to reach an international audience and starts an exciting chapter for the InternetRetailing Events series.

The next important date in the multichannel diary is 24 September 2015 for the InternetRetailing Awards which recognise the achievements of the leading and admired multichannel retailers. Then 13 October 2015 will see the launch of the eDelivery Conference with the tenth InternetRetailing Conference taking place on 14 October 2015.

In the meantime, to catch up on the presentations, interviews with speakers and news from IRX and EDX please visit www.internetretailingexpo.com.

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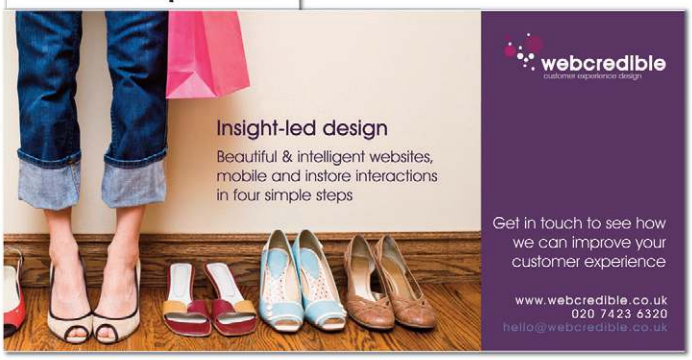

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